(15)

No. 88-2102-CFX
Status: GRANTED

Title: James Stewart, et al., Petitioners
v.
Sheldon Abend, dba Authors Research Company

Docketed:
June 23, 1989

Court: United States Court of Appeals
for the Ninth Circuit

Counsel for petitioner: Petrich,Louis P.

Counsel for respondent: Tierney,James P.

Entry	Date	Note	Proceedings and Orders
1	Jun 23 1989	G	Petition for writ of certiorari filed.
3	Jul 20 1989		Order extending time to file response to petition until August 7, 1989.
4	Aug 3 1989		Order further extending time to file response to petition until August 16, 1989.
5	Aug 14 1989		Brief amici curiae of Columbia Pictures Industries, et al. filed.
6	Aug 16 1989		DISTRIBUTED. September 25, 1989
7	Aug 18 1989	X	Brief of respondent Abend, etc. in opposition filed.
8	Sep 2 1989	X	Reply brief of petitioners Stewart, et al. filed.
9	Oct 2 1989		Petition GRANTED.
			**********
10	Nov 6 1989		Record filed.
		*	Certified copy of original record, box, received.
11	Nov 16 1989	G	Motion of Columbia Pictures Industries, Inc., et al. for leave to file a brief as amici curiae filed.
12	Nov 16 1989		Joint appendix filed.
13	Nov 16 1989		Brief of petitioners Stewart, et al. filed.
14	Nov 27 1989		SET FOR ARGUMENT TUESDAY, JANUARY 9, 1990. (3RD CASE)
16	Dec 1 1989		Opposition of respondent to motion of Columbia Pictures Industries, Inc., et al. for leave to file a brief as amici curiae filed.
15	Dec 4 1989		Motion of Columbia Pictures Industries, Inc., et al. for leave to file a brief as amici curiae GRANTED.
17	Dec 5 1989		CIRCULATED.
18	Dec 8 1989		Record filed.
		*	Certified copy of C.A. Proceedings received.
19	Dec 18 1989	X	Brief amicus curiae of Songwriters Guild of America filed.
22	Dec 18 1989	X	Brief amicus curiae of Committee for Literary Property Studies filed.
20	Dec 19 1989	X	Brief of respondent Sheldon Abend filed.
21	Dec 19 1989	X	Brief amicus curiae of United States Copyright Office filed.
23	Dec 30 1989	X	Reply brief of petitioners Stewart, et al. filed.
24	Jan 3 1990	X	Supplemental brief of respondent Abend, etc. filed.
25	Jan 5 1990		Record filed.
		*	Certified copy of original record, box, received.
26	Jan 9 1990		ARGUED.

88-2702 (1)

Supreme Court, U.S.
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No. _____

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED J. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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QUESTIONS PRESENTED

Section 24 of the 1909 Copyright Act (as extended by section 304(a) of the 1976 Copyright Act) grants two consecutive terms of copyright for works created before 1978. Under this two-term scheme, if an author dies during the first term and before renewal, a statutory successor is entitled to renew. Section 7 of the 1909 Copyright Act (reenacted as section 103 of the 1976 Copyright Act) gives the same section 24 rights to an author who, with consent, uses protectible parts of one or more underlying works ("prior works") to create a new work ("derivative work"). The questions presented involve a frequently occurring circumstance: (a) the author of a prior work (here, a short story) authorized another author to create and distribute a derivative work (here, the motion picture Rear Window) during the prior work's first and renewal terms; and, (b) before renewal, the author of the prior work died and that work's copyright was renewed by a statutory successor.

1. Under section 24 of the 1909 Copyright Act (as extended by the 1976 Copyright Act), does the fortuitous of the death of a prior work's author (and renewal of that author's copyright by a statutory successor) extinguish rights of a derivative work's owner, arising from section 7 and the prior author's grants, to distribute the separately copyrighted derivative work during the prior work's renewal term? – an issue as to which the Second and Ninth circuits are in irreconcilable conflict.

QUESTIONS PRESENTED Cont.

2. Whether succession to the renewal copyright entitles a prior author's statutory successor to suspend the derivative work owner's section 24 right to use an independently copyrighted derivative work created with the prior author's consent?

3. If section 24 inadvertently gave a statutory successor of a prior work copyright the right to punish continued distribution of a derivative work because of the death of the prior work's author, may distribution of the derivative nevertheless continue under the doctrine of "fair use"?

LIST OF PARTIES

The parties to the proceedings below are respondent Sheldon Abend and petitioners James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor as co-trustees of the Second Residuary Trust of the Last Will of Alfred J. Hitchcock, MCA Inc., and Universal Film Exchanges, Inc.[1] The petitioners were appellees in Nos. 87-5833 and 87-5922 and cross-appellants in No. 87-5780 in the consolidated appeals below; respondent Abend was appellant and cross-appellee, respectively. There were no other parties.

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[1] Petitioners MCA Inc. and/or Universal Film Exchanges, Inc., have the following partially owned subsidiaries and/or affiliates: (referred to by Rule 28.1): Ace Limited; Coastline Partners; Cinema International Corporation N.V.; Cineplex Odeon Corporation; Coleco Industries, Inc.; Imagine Films Entertainment, Inc.; Mood Music Company, Inc.; Overland Stage, Inc.; Quantum Media, Inc.; Roncom Films, Inc.; Town Cinema Investments Pty. Ltd.; Universal/Northern Distribution Partners.

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No. _____

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED J. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Petitioners James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor as co-trustees of the Second Residuary Trust of the Last Will of Alfred J. Hitchcock, MCA Inc., and Universal Film Exchanges, Inc. respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit.

OPINIONS BELOW

The December 27, 1987 Opinion of the Court of Appeals ("the Opinion") is reported at 863 F.2d 1465, and is reprinted in the appendix to this petition, at App. 1 to 53. The summary judgments of the district court, without opinion, were unreported; they are reprinted in the appendix at App. 54 to 58.

JURISDICTION

The Opinion and judgment of the court of appeals were entered on December 27, 1988. A timely petition for rehearing and a suggestion for rehearing en banc were denied and rejected on April 13, 1989, and this petition for certiorari was filed within ninety (90) days of that date. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The pertinent portions of Article I, section 8 of the Constitution, the First Amendment, sections 7 and 24 of the 1909 Copyright Act, as amended, and sections 103(b), 107, 203, 302, 304, 504 and 505 of the 1976 Copyright Act are reprinted in the Appendix at App. 59 to 77.

STATEMENT OF THE CASE

1. *The Statutory Setting.*

The undisputed facts and the relevant rulings are best understood in the context of their setting against the 1909 and 1976 Copyright Acts.

The 1909 Copyright Act

Under the 1909 Act, as amended,[2] section 7 established separate and independent copyright protection "under the provisions of this title" for derivative works, that is, for a new work that incorporated, to some extent, one or more previously copyrighted works "when produced with the consent of the proprietor of the copyright in such works." 17 U.S.C. § 7 (1976 ed.);[3] *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 157-58 (1985)("*Mills Music*").

Section 24 provided for two consecutive, 28-year, initial and renewal, copyright terms for all works subject to copyright. Congress intended the two-term scheme as (1) a lapsing device to enhance public access to works that were not renewed, and (2) a means to give authors a second chance to renegotiate improvident transfers. H.R. 60-2222, 60th Cong., 2d Sess., at 14-15 (1909). Even so, an author could transfer an interest in all or a part of the author's contemplated renewal term during the first term of copyright. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943) ("*Fred Fisher*"). The "author"[4] was entitled to obtain the "renewal" term (or, if the author

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[2] All references to the 1909 Act are to the Act as amended as of 1976, 17 U.S.C. §§ 1 *et. seq.* (1976 ed.). Sections 7 and 24 were originally enacted as sections 6 and 23, 35 Stat. 1075, and renumbered when codified as 17 U.S.C. §§ 7, 24.

[3] Section 7 was in effect reenacted in the 1976 Act as section 103(a)(b), 17 U.S.C. § 103(a)(b).

[4] Certain works originally copyrighted by "proprietors" were renewable by "proprietors" under Section 24.

died before renewal, the author's statutory successors in this order: spouse and children; executor; next of kin).[5]

The 1976 Copyright Act

Although the major revision of the copyright law enacted in 1976 fundamentally redefined the duration of copyright for post-1977 works, Congress *retained the two-term scheme as to copyrights still in their initial term as of the effective date of the Act.*[6] It provided that a single-term copyright for works created on or after January 1, 1978 would generally extend for the life of the author plus 50 years. 17 U.S.C. § 302(a).

To continue the "second chance" purpose of the discarded two-term scheme *for post-1977 works*, the 1976 Act

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[5] The 1909 Act did not state what effect, if any, renewal by the statutory successor of a deceased author would have on the continued exploitation of a derivative work created in reliance on the author's promise to grant the right to use the derivative work during his or her renewal term. A great deal of speculation addressed, but no definitive decision decided, that issue until 1977, one year after enactment and one year before the effective date of the 1976 Act. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)(holding that a derivative work may continue to be exploited). See *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 176-77, n.45, 183, n.7 (1985). The court of appeals in this case has expressly refused to follow *Rohauer*. See discussion at 12-21, *infra*.

[6] The Act became effective on January 1, 1978. Those works in their initial term were given a 47-year renewal term – an additional 19 years were tacked onto the 28-year renewal under the prior Act. 17 U.S.C. § 304(a)(1977). The 1909 Act as continued by the 1976 Act will require renewals until the year 2005. Renewals in 2005 will expire in 2053. Note 29, *infra*.

provides a right of termination. Where an author grants a transfer or license of one or more statutory rights of copyright to another, the author (or specified heirs) may terminate the grant after a specified time. *Grants made after the Act's effective date* may be terminated after 35 years, 17 U.S.C. § 203(a)(3). Similarly, *pre-1978 grants* may be terminated after the end of the first 56 years of the copyright terms – such termination to affect only the additional 19 years tacked on by the 1976 Congress to the 1909 Act's 28-year renewal term. 17 U.S.C. § 304(c)(3). *See Mills Music*, 469 U.S. at 161-62, 172 (1985).

This new statutory termination right is subject, however, to an important exception. A derivative work authorized by a grant from the owner of a prior copyright may "continue to be utilized under the terms of the grant after its termination . . . " 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music*, 469 U.S. at 162 (construing royalty obligations under the Exception). This is the same result reached under the 1909 Act in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977) (*"Rohauer"*), but rejected by the Ninth Circuit court of appeals in this case by its holding that continued use of the derivative work is unlawful.

2. *The Undisputed Facts In This Case.*

In 1953, the actor, Jimmy Stewart, and the director, Alfred Hitchcock, formed a production company, Patron, Inc. ("Patron"), to produce the motion picture, Rear Window (the "Film"). Patron acquired the exclusive worldwide motion picture rights in the initial and renewal terms of copyright to the short story, Rear Window (the

"Story"), from an assignee of the Story's author, Cornell Woolrich.[7] Hitchcock and the screenwriter, John Michael Hayes, revised the Story (the underlying work), adding major characters and events, and Hayes wrote a screenplay with entirely new dialogue. In 1953 and 1954, Patron produced and copyrighted the Film (the derivative work), directed by Alfred Hitchcock, starring James Stewart and Grace Kelly, and based in part on Woolrich's Story. From about 1954 to 1960, Paramount Pictures Corporation ("Paramount") was authorized by Patron to distribute the Film in the United States and elsewhere.

On September 25, 1968, (about 3 months before his Story copyright was eligible for renewal),[8] the Story's author, Woolrich, died without leaving a surviving spouse or child. In 1969, Woolrich's executor, Chase Manhattan Bank, secured a renewal of the Story copyright.

In 1971, Stewart and Hitchcock authorized a nationwide television broadcast of the Film over the ABC network. Also in 1971, for payment of $650, respondent

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[7] Woolrich had written a short story entitled "It Had To Be Murder", later retitled "Rear Window", first published in the February 1942 issue of Dime Detective Magazine. In 1945, Woolrich assigned the exclusive worldwide motion picture rights in the Story to B. G. DeSylva Productions, Inc. for the first and *renewal copyright terms*. The relevant portions of the grant are reproduced in the Appendix at App. 78 to 83.

[8] Under section 24 of the 1909 Act, the author could renew during the one year period prior to the end of the first term. If the author renewed during the 28th year, the renewal copyright would "vest" in the author even if the author died before the second term began. See, *Frederick Music Co. v. Sickler*, 708 F.Supp. 587, 592 (S.D.N.Y. 1989).

Sheldon Abend acquired from Woolrich's executor those rights in the Story renewal copyright that Woolrich had previously granted to petitioners' predecessor in interest.[9]

In 1976, the Copyright Act of 1976 was enacted to become effective in 1978. See note 6, *supra*, and accompanying text.

In 1977, in a case of first impression under the 1909 Act, *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)("*Rohauer*"), the Second Circuit, in a unanimous opinion authored by Judge Henry Friendly, harmonized the potential conflict created by section 7 (protecting derivative works produced with the consent of underlying work's authors as independent works) and section 24 (providing a "second chance" renewal term for both derivative and prior works) by holding that the death of a prior work's author and renewal by the author's statutory successor operates so that:

(1) the owner of the derivative work copyright can continue to use the *existing* derivative work according to the original grant from the author of the underlying work; but

(2) the owner of the derivative work copyright cannot make *new* derivative works under the original grant

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[9] In 1974, Abend brought a copyright infringement action against petitioners in the Southern District of New York. The case was settled in 1976 without any agreement as to future uses.

during the prior work's renewal term.[10] In so ruling, Judge Friendly held that no precedent of this Court governed.[11]

In 1982, the copyright in the Rear Window Film was renewed.[12] In 1983, in reliance on advice of counsel that the 1977 *Rohauer* decision in the Second Circuit permitted the continued use of the Film, defendants Stewart and the Hitchcock co-trustees authorized Universal Pictures, a division of Universal City Studios, Inc. (Universal) to re-

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[10] *Rohauer* reached precisely the same result created by the derivative-works exception to the "second chance" statutory termination right provided under the 1976 Act. 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 161-62 (1985). *See supra*, at 4-5.

[11] *Rohauer* noted this Court had previously held that *where the author renewed* the copyright a prior assignment of rights in the renewal term could be enforced by the assignee. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943). The assignee would then have the right to exploit all the rights granted, even those not yet used to create derivative works. But, in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), in a case pitting a statutory successor against an author's assignee who apparently had *not* created a new, derivative work, this Court held that if the author died before renewing, the statutory successor instead of the assignee would take the legal and beneficial *ownership* of the renewal copyright. *Rohauer* pointed out that the *Miller Music Court did not discuss or consider the impact of its ruling on a derivative work having section 7 and 24 rights*. See discussion at 14-18, 27-28, *infra*.

[12] Patron was dissolved in 1960; all of Patron's rights in the Film, including the Film copyright, were assigned to Stewart (45%), Hitchcock (45%) and their agent, MCA Artists Ltd. (10%). The Hitchcock co-trustees are co-proprietors of the Film copyright renewal with Stewart and MCA Inc. (successor in interest to MCA Artists Ltd.).

release the Film throughout the world. The Film's re-release in theatres began on about September 30, 1983 in New York City, respondent's residence and place of business. Abend brought this action for copyright infringement in the United States District Court for the Central District of California on April 10, 1984, against Universal's parent, MCA Inc., Universal's wholly-owned subsidiary, Universal Film Exchanges, Inc., James Stewart and the Hitchcock co-trustees, seeking compensatory damages, an accounting of defendants' profits, injunctive relief, costs and attorney's fees. Jurisdiction of the district court was invoked under 28 U.S.C. § 1338(a).

3. *The Decision of the District Court.*

Petitioners moved for summary judgment charging that the renewal Story copyright was defective and invoking the *Rohauer* rule and the "fair use" defense. Respondent moved for summary judgment against Petitioners' affirmative defenses.

On March 23, 1987, the district court granted petitioners' motions for summary judgment on the alternative grounds that petitioners' continued distribution of the Film was permitted by: (1) the *Rohauer* rule, and (2) the "fair use" defense (Appeal No. 87-5780).[13] Separate

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[13] The district court denied petitioners' alternative motion that defects in the original "blanket copyright notice" or in perfecting the Story renewal copyright injected the Story into the public domain by 1970, (Appeal No. 87-5883). Petitioners do not seek review of the court of appeal's affirmance (App. 7 to 15; Part I of Opinion) in 87-5833 of the district co[illegible]'s

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forms of judgment on the *Rohauer* and fair use issues were entered on March 27, 1987; a formal order granting petitioners' motions on two grounds, denying petitioners' motion regarding the defects issue and denying respondent's motion for summary judgment was entered on April 20, 1987. Respondent and petitioners brought their appeals and cross-appeal under 28 U.S.C. §§ 1291 and 1294(1).

4. *The Decision of the Court of Appeals.*

A divided panel of the court of appeals reversed the summary judgment for petitioners, refusing to follow the *Rohauer* rule. The Majority read *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) (*"Miller Music"*), to constitute "ineluctable authority" for the proposition that upon "renewal and extension" by a statutory successor of a prior work, prior grants of the deceased author were rendered void – as a matter of copyright law – so that further use of any existing derivative work constituted infringement. App. 23 to 24. Thus, the Majority rejected the distinction drawn by the dissent and by *Rohauer* between cases where the author never agreed to assign renewal rights and a case such as this where the attempted assignment was held to be impliedly defeated by operation of law under section 24. Similarly, whereas the Second Circuit in *Rohauer* and the

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ruling that Woolrich's Story was properly copyrighted and renewed. Respondent's motion for summary judgment attacking petitioners' affirmative defenses was denied. (Appeal No. 87-5922).

dissent below considered the existence of competing derivative and underlying copyrights – a factor not present in *Miller Music* – to be a special circumstance requiring accommodation of each under the renewal statute that governs both works, the Majority below found that distinction to be irrelevant. App. at 23-24. Additionally, the Majority felt itself bound by the legislative history of the 1976 Act to construe the 1909 Act contrary to *Rohauer*. Recognizing that its ruling effectively gave the Story author's statutory successor veto power over distribution of the Film, even though the Film contained substantial new matter, the Majority created a special exemption from injunctive relief for "classic" films, but left such films subject to all other infringement remedies. App. 31 to 36.

Additionally, the court below refused to sanction the *Rohauer* result under the "fair use" doctrine, primarily because it misunderstood petitioners' counsel to concede the critical "adverse effect" factor at oral argument. App. 39 to 40.

REASONS FOR GRANTING THE WRIT

The Majority opinion below creates an intolerable conflict between the two leading circuits that administer copyright law for the music, book and magazine publishing, motion picture, television and related industries. The Ninth Circuit's opinion (1) upsets the reasonable reliance on *Rohauer* by these petitioners, the entertainment industry, and other similarly situated derivative-work copyright owners, (2) arms copyright speculators with a veto

power over the distribution of countless copyrighted derivative works[14], and (3) discourages future licensing of first-term pre-1978 copyrighted works to create new derivative works. Because the conflict virtually depends upon the circuits' drastically different readings of this Court's 1960 *Miller Music* decision, the decision below raises an important question of federal law which has not been but should be settled by this Court.

I. THE NINTH AND SECOND CIRCUITS HAVE REACHED AN IRRECONCILABLE CONFLICT ABOUT AN IMPORTANT AND RECURRING QUESTION OF FEDERAL COPYRIGHT LAW THAT REQUIRES NATIONWIDE UNIFORMITY; ONLY THIS COURT CAN RESOLVE THE CONFLICT.

Part II of the Majority opinion below directly conflicts with an existing opinion, *Rohauer*, by the court of appeals for the Second Circuit, and substantially affects a rule of national significance in which there is an overriding and immediate need for uniformity. Dissent, App. at 51; Sup. Ct. R. 17(a). Films and most other copyrighted works are distributed throughout the United States.[15]

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[14] This same issue arises no matter what the nature of the derivative work – movie, television program, play, book, musical recording – so long as it incorporates some part of one or more copyrighted works, such as a poem, photo, story or song. See *e.g., Mills Music, Inc. v. Snyder*, 469 U.S. 153, 158 (1985)(one 1923 song licensed over 400 times to record companies to prepare derivative works). See also note 28 *infra*.

[15] The reversionary effect of the American two-term copyright scheme is not acknowledged under foreign copyright

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Because the Ninth Circuit outlaws the distribution of films and other works that the Second Circuit allows, parties will forum-shop.[16] Uncertainty about which forum's rule governs will disrupt or, in many instances, prevent future distributions of derivative works. An *immediate resolution* of the conflict is necessary because the terms of federally granted copyrights are expiring while uncertainty caused by the conflict chills and threatens to impose untoward economic burdens on their future use.

The *Rohauer* (2d Cir.) and *Abend* (9th Cir.) decisions are *not* distinguishable on their facts. The statutory successor in *Rohauer* was the author's daughter; in *Abend*, the author's executor. In both cases, plaintiffs were persons who speculate in acquiring such interests from statutory successors; defendants were the intended beneficiaries of the deceased author's attempt to grant rights for both terms of copyright. Defendants in both cases owned the copyright in the derivative-work motion pictures. Yet, while *Rohauer* accommodates a potential conflict

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laws because the effect is a product of copyright not contract law. See 3 M. &. D. Nimmer, *Nimmer On Copyright* § 17.10[B][2] (1988). If the decision below is not reversed, creators-owners of hundreds of American films will be able to show their works without liability everywhere except in America.

[16] For example, although respondent resided and was officed in New York City where the Rear Window Film was first re-released, he sued in the Central District of California, no doubt seeking a conflicting decision.

between two valid copyrights by holding that defendants' use is lawful, the court below treats the defendants' use of their valid copyright as *unlawful* and tries to adjust the harmful impact on the outlawed derivative copyright by fiddling with the injunction remedy. The conflict between these circuits, the most influential on copyright law, could not be more direct, clear, or intolerable.

Throughout, their reasoning is at odds. Whereas the Second Circuit in *Rohauer* and the dissent below [17] considered the existence of two potentially conflicting, valid (underlying and derivative) copyrights to be a special circumstance requiring accommodation under section 24, the Majority opinion below did not. App. at 25 n. 14. Rather, the Majority opinion read an implied exception into section 24 so that upon "renewal and extension" by a statutory successor of a deceased author, use of all existing derivative works – also protected by section 24 – must cease or be treated as infringements. Implicit is the mistaken assumption that Congress intended to grant a derivative work a second-class copyright, whose use is subject to suspension (for the period of the prior work's renewal term) on the death of a prior work's author. The Majority does not seem to appreciate that both derivative and underlying works are created by authors and that any work (to the extent it incorporates a prior work

[17] Panels of both circuits have recognized the policies favoring derivative-work owners under *Rohauer* circumstances under section 24. *Russell v. Price*, 612 F.2d 1123, 1130-31 (9th Cir. 1979), 446 U.S. 952 (1980); *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 n.2 (2d Cir. 1981).

or is incorporated into a later work) may be *both* an underlying *and* a derivative work.

The Majority's failure to rely on the statute is revealed by its criticism of *Rohauer*'s reliance on a partial "new property" theory derived from the language of section 7 and on the "consent" inherent in the author's attempted assignment of the renewal copyright. App. at 25-26, n.14. In fact, section 7 gave derivative work copyrights dignity equal to copyrights for prior works by providing that derivative works "shall be regarded as new works subject to copyright under the provisions of this title" so long as they were "produced with the consent" of the proprietor of the underlying copyright. Dissent, App. at 46;[18] Section 24 expressly gives *all* copyrighted works two terms. Thus, petitioner's Film had the right to a full renewal term. The Majority points to no words in section 24 to defeat petitioner's right; instead, it relies on the "second chance" policy inherent in section

[18] The Majority misses the point when it claims that *Rohauer*'s limited application of the new property theory offends the traditional copyright rule that the derivative copyright does not "protect" "old matter" in the underlying work, only the "new matter" in the derivative work. App. at 19, 25, n.14. The "protection" rule prevents a perpetual monopoly by giving protection only to the "new." But "protection" is not the issue here; it is whether the statutory successor of an underlying copyright may prevent the continued use of the "old matter" integrated with the derivative work's "new matter." Section 7 does not so state; instead, it suggests that consent once given can only be withdrawn for an existing derivative work by agreement. Section 7's express admonition that consent to create the new work does not "imply an exclusive right" to use old matter implies a non-exclusive right to continue such use.

24 to nullify completely the author's attempt to grant any rights in the Story renewal and to destroy the derivative work's "second chance" under the same section. The statute does not mandate such an odd result. Whereas Judge Friendly accommodated the potential conflict in the two copyrights in *Rohauer*, 551 F.2d at 485-86, 490, 492; the Majority below was oblivious to it. App. at 24.

Because the Majority below saw no significance in the fact that petitioners own a separate copyright, it held that *Miller Music* and *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.) *cert. denied*, 342 U.S. 849 (1951) require the rejection of *Rohauer*. The Majority below thus failed or refused to appreciate the distinction drawn in *Rohauer* between the situation in *Ricordi* where the author of the underlying work never purported to grant rights in the renewal term[19] and in this case and *Rohauer* where the author's attempt to do so is disputed by operation of the "second chance" policy of section 24.[20] App. at 22-23.

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[19] All the language in *Ricordi* relied upon by the Majority and the commentators was *dictum*. Rather than overruling *Edmonds v. Stern*, 248 F.2d 897 (2d Cir. 1918), and its "new property" rationale that a derivative work once lawfully created does not require further consent for use, *Ricordi* cites *Edmonds* without comment. Nothing in *Ricordi* states that the owner of the derivative *opera* was prevented from future use of that work; Ricordi was only held prevented from making a new work, a movie, because he had never been granted that right. *Ricordi*, 189 F.2d at 471-72.

[20] The Majority decision below thus misapplied the judge-made "new estate" and "free and clear" imagery of those decisions which was never intended to describe section 24's impact on a co-equal derivative copyright.

The Majority attributes its rejection of *Rohauer* to the Majority's reliance on *Miller Music*, App. at 23-24, relying on *Miller Music*'s statement that the assignee before it only had a contingent interest to acquire the entire renewal copyright that was defeated by the author's death and the statutory successor's renewal. But, this confuses the issue of *ownership* of the Story renewal copyright with the quite different question of whether section 24 was intended by Congress to make enjoyment of a derivative work's copyright contingent on the Story author's death. Dissent, App. at 45. *This statutory and policy issue was not before this Court in Miller Music. Rohauer*, 551 F.2d at 490; Dissent, App. at 44-46.

The Majority opinion below, App. at 28, accuses *Rohauer* of overlooking section 24 policies that "favor the author." But section 24's "second chance" policy favors *all authors*, whether of a derivative work or a prior work.[21] By arguing that its ruling is supported by the Story author's supposed failure to foresee and to reap the benefits of new technology, the Majority conflicts with this Court's holding in *Fred Fisher*. App. 28 to 29. The beneficiary of technological advances is determined by the terms of the grant. *See Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 855 (9th Cir. 1988).[22] If the Story's

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[21] The Majority's criticism of *Rohauer* because it did not discuss the "compulsory family bequest" function of section 24 is inapt. First, a derivative work's family has the same right to protection. Second, when a renewal vests in an executor, an author is not "compelled" to leave the renewal to his family.

[22] Here, Woolrich's 1945 assignment expressly granted petitioners' predecessors the right to unlimited theatrical and

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author had lived to renew, under *Fred Fisher, supra*, petitioners would have been able to make new films too.

The decision below attempts to distinguish itself from *Rohauer* with two "new" arguments. First, it mistakenly relies on testimony[23] from a 1908 legislative hearing to infer that Congress, in 1909, "exempted" composite works from the need to obtain renewal rights from joint authors because Congress was concerned about the "contingent" nature of an author's renewal right and its effect on derivative works. App. at 25. But, Congress gave "proprietors", not authors, of composite works the right to the *first and renewal terms* and expressly stated its *sole* purpose was *convenience*: "contributors to such a work might number hundreds and be scattered over the world," H.R. 60-2222, at 14-15 (1909). B. Ringer, Copyright Office Study No. 31, "Renewal of Copyright", 86th Cong. 2d Sess. (Comm.Print 1961), at 129-31.[24]

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television exhibitions and the benefits of all future technology for any film made under the grant. App. at 79-80, ¶ 3.

[23] The testimony at most discussed the problem of conflicting *ownership* claims to the *same copyright*. It did *not* discuss the impact of renewals on derivative works.

[24] The Majority's conclusion that "significantly, Congress did not include a similar exemption for derivative works", App. at 25, betrays a fundamental misunderstanding about what is a derivative work. A "composite" work, like any other work, might or might not also be a derivative work depending on whether it includes works already protected by copyright. *E.g.*, petitioners' film is both a composite and a derivative work.

Second, the Majority below mistakenly believed that its interpretation of the 1909 Act was compelled by Congressional intent in 1976. App. at 29-31. The Majority noted that the 1976 Congress did not apply the "derivative work exemption" retroactively to existing works under Section 304 of the 1976 Act (until after their 56th year), and thus "presume[d]" a Congressional intent to adopt a view of some commentators[25] that the statutory successor of the author of an underlying work could veto the continued distribution of the derivative work. App. at 30-31. This reading turns logic on its head. The 1976 Congress *only* chose *not to* abandon the renewal scheme for existing works because to "cut off or alter . . . the present expectancies . . . the subject of existing contracts . . . would be unfair and immensely confusing." H.R. 94-1476, 94th Cong. 2d Sess., at 139 (1976). It only applied the new termination right to the new 19 year renewal extension. There was no need to apply the section 304 *exemption* (to the new termination right) retroactively (to the first 56 years of pre-1977 copyrights) when the new termination *right* itself was not made retroactive. Congress left interpretation of the 1909 Act to the courts.

Once the false veneer of legislative mandate is stripped away, the Majority opinion below is revealed as simply a "share-the-wealth" compromise, Dissent at App. 52, that is naive and destructive. The Majority dismisses

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[25] *Rohauer*, which decided the issue in 1977 as a case of first impression, treated such commentary as conflicting and inconclusive. 551 F.2d at 492-93. In 1985, this Court carefully avoided characterizing the significance of such commentary. Note 35, *infra*

as "remote"[26] the likelihood that speculator plaintiffs armed by the Majority opinion with a "veto" power will withhold a license on "fair" terms to permit the continued exercise of derivative work copyrights. App. at 27, n. 15. But there is a world of difference between negotiating a license *after*, rather than *before*, the defendant has invested the time and money to create a complex derivative work. For example, even after the *Rohauer* decision, respondent Abend demanded 50% of petitioners' *gross receipts* (after deduction of advertising costs) to license the re-release of the Rear Window Film. Nothing in the 1909 Act or the legislative history evidences a Congressional intent to impose a "death tax" on derivative work copyrights. Besides, if the statutory successor possesses the right to veto, it may refuse to license on any terms. *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1931).

Not convinced by its own argument that mutual interest will moderate any veto power, App. at 27, n. 15, the Majority opinion below "legislates" a new rule that no injunction may issue in a *Rohauer* situation to stop the continued use of a "classic" film[26a] because the possible deprivation to the public would constitute "great public injury". App. at 32. Such a rule violates copyright pol-

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[26] Congress made a contrary finding in creating the "derivative-works exception" to the new statutory termination right it created in 1976 to continue the "second chance" policy of the old two-term scheme. It did so to avoid the uncertainty created under section 24 and also to avoid the current practice "in which third parties have bought up contingent future interests as a form of speculation." H.R. 94-1476, at 127.

[26a] Uncertainty before *Rohauer* had caused withdrawal of important derivative works, a form of "copyright death". *Mills Music*, 469 U.S. 183, n. 8 (1985)(dissenting op.).

icy and is unworkable. It would turn courts into film critics and social arbiters. Application of copyright law is not supposed to depend on a court's judgment about artistic merit. *Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 251-52 (1903). The Copyright Acts make no distinction between "classic" and other derivative works. More practically, the decision below ignores the chilling effect of the remaining copyright infringement remedies[27], including section 504 that not only forces an infringer to disgorge its profits attributable to the infringement, but places upon the infringer the burden of proof to show (at the peril of paying up to 100% of its gross revenues) what portion of its revenues constitutes profits and what portion of its profits is not attributable to the infringement. 17 U.S.C. § 504(b). This *ad hoc* approach presents an expensive dilemma to derivative-work copyright owners who must decide *in advance* whether to risk the millions of dollars needed to promote and distribute a film.

II. THE NINTH CIRCUIT HAS DECIDED AN IMPORTANT QUESTION OF FEDERAL COPYRIGHT LAW WHICH HAS NOT BEEN, BUT SHOULD BE, SETTLED BY THIS COURT.

Parts II and III of the Majority opinion involve a question of exceptional importance because the Majority's rule: (1) will shorten the already limited duration of valuable copyrights; (2) will occasion immediate claims

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[27] An "infringer" is also subject to liability for statutory damages, attorneys fees and must bear the risk of imprecise damage calculations. 17 U.S.C. §§ 504(c), 505; 3 *Nimmer*, § 14.02[A], n. 21.

against at least hundreds of existing derivative works;[28] and (3) will discourage the use of certain pre-1978 copyrighted works in future derivative works.[29] The question has never been resolved by this Court and now requires its immediate attention. Sup. Ct. R. 17 (c).

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[28] Respondent Abend, a "literary researcher", has determined that at least 600 films have the same "reversion" problem as the instant case. He has acquired at least 100 such renewal copyrights for himself and clients. Mr. Rohauer owned renewals underlying at least 200 films. All other similarly situated derivative works that incorporate portions of prior works will be affected. Abend's counsel have predicted that hundreds of suits will result from the majority opinion below. See, *e.g.*, Daily Variety, 12/28/88, at p.2, col. 1; Los Angeles Dialy J., 12/28/88, p.1.

[29] An author whose pre-1978 work is due to be renewed in 5-10 years may not find anyone willing to use it in a new derivative work if the right to continue use of the latter work may be suspended. Because the 1976 Copyright Act continued the two-term scheme for works copyrighted prior to January 1, 1978, 17 U.S.C. § 304(a), the majority opinion below warns potential users of pre-1978 works that they acquire rights at their peril at least until the year 2005, the last year in which all pre-1978 works will either have been renewed or lapsed for failure to renew. This veto power will exist for at least the first 28 years of renewal (for some works, until the year 2033); constitutional considerations may prohibit such a veto during the additional 19-year period tacked on by the 1976 Act. 17 U.S.C. § 304(a). See Time Line, App. 84. 1 *Nimmer*, § 1.11; *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983). Thus, a derivative work that incorporates a work first copyrighted in 1977, could be kept off the market for the period of the first work's 47-year renewal term from the year 2005 to 2052 if the first author dies before renewal.

A. Section 24 Presents Special Problems of Interpretation

Interpretation of section 24 has always been difficult because "after years of consideration and study, one of the most important provisions of the Bill [was] pieced together hastily and enacted without any real analysis of the consequences." B. Ringer "Renewal of Copyright," Copyright Office Study No. 31, 86th Cong. 2d Sess., at 121 (Comm. Print 1961).[30] The problem evolves from the fact that the renewal copyright established in the Act of 1831 and elaborated in the Act of 1909 "is a unique form of property whose nature and theoretical basis are still unclear." *Id.* at 124. This Court has previously warned that because section 24 contains ambiguities not resolved by a literal reading, the statute must be read as a whole. *DeSylva v. Ballantine*, 351 U.S. 570, 573 (1956). When the Act is ambiguous, it is to be construed to promote the primary purpose of public access. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

Although from 1909 to 1977 the issue in this case was never decided, commentators groped to predict the likely result based on *dicta* and inapt analogies, including judge-made rules and imagery – describing the renewal term as a "new estate" being "free and clear" of prior grants by the author.[31] *Rohauer*, 551 F.2d at 490-93. How-

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[30] Ms. Ringer is a former Register of Copyright. *Mills Music*, 469 U.S. at 174, n. 42.

[31] The "new estate" and "free and clear" language is not found in the statutes or the legislative reports. This imagery found in most modern cases, can be traced to *White-Smith Music Pub. Co. v. Goff*, 187 Fed. 247, 250 (1st Cir. 1911) which reasoned from "well-settled principles applicable to ordinary

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ever, this Court has not allowed the "new estate" imagery used to solve one issue under section 24 to create untoward results in the resolution of another, preferring instead to resolve ambiguities by reference to the practical impact of the entire section. *Fox Film Corp. v. Knowles*, 261 U.S. 326, 329 (1923) (fact that "new estate" did not yet exist when author made will bequeathing it to executor would not defeat bequest); *Fred Fisher, supra*, (author may assign "new estate" before it vests).

Renewals under Section 24 raise at least three issues, which though related involve differing policies: (1) who may renew; (2) may ownership of the renewal be assigned before it vests; (3) what impact does renewal of an underlying work have on a derivative work?

Almost immediately after the 1909 Act, the question arose as to the identity of the persons who could renew. The Attorney General opined that only the persons specified by statute, not assignees, could renew, but hastened to add "who may possess the legal or equitable right in the copyright after renewal . . . is to be determined by the terms of such contract as the author . . . may have entered into before or after the renewal is had." 28 Op. Att'y. Gen. 162, 166 (1910). This view was promptly confirmed in *White-Smith Music Pub. Co. v. Goff*, 187 Fed. 247 (1st Cir. 1911). *See Silverman v. Sunrise Pictures Corp.* 273 Fed. 909, 911 (2d Cir. 1921).

In 1943, this Court held that authors could assign rights in their future copyright renewal terms, rejecting

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things," and to *Silverman v. Sunrise Pictures Corp.*, 273 Fed. 909, 911 (2d Cir. 1921)(assumed for sake of argument *only* in *Fox Film Corp. v. Knowles*, 261 U.S. 326, 329 (1923)).

the argument that the policy implicit in the "second chance" nature of renewal prohibited such transfers. The Court decided that as a practical matter a prohibition against transfer might make renewal "worthless to [an author] when he is most in need." *Fisher Music*, 318 U.S. at 657.

In 1960, in a dispute over *ownership* of a copyright renewal to a *single* copyright, this Court decided that the author's death before renewal meant that the statutory successor and not the publisher-assignee would own the renewal. *This Court did not have before it or discuss the impact of renewal on a competing derivative work. Miller Music*, 362 U.S. 373 (1960)[32].

B. The Lower Courts Are Split On the Issues Presented Here

A more complex situation exists where, as here, the issue is whether vesting of the renewal copyright in an author's statutory successor was meant, *as a matter of copyright law*, to suspend contractual and statutory rights so that the old matter from a prior work may no longer be used in an existing derivative work.

The first case to address the relationship between underlying and derivative works under the 1909 Act, *Edmonds v. Stern*, 248 F.2d 897, 898 (2d Cir. 1918), held that a new property right sprang into existence in a

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[32] *Miller Music*, decided on a 5-4 vote, is quite unusual since it rests upon a *concession* of counsel that if the statutory successor were a widow, child or next of kin, they would prevail. The sole issue for decision was whether executors should be afforded the same treatment as other statutory successors. 362 U.S. at 375 and 382 dissenting opinion).

derivative work under section 7 whose exercise was unaffected by the fact that the derivative work owner did not own rights in the copyright in the prior work.

The next case even arguably to deal with the issue, *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.) *cert. denied*, 342 U.S. 849 (1951)(the "Madame Butterfly" case) came to be associated with a contrary view. Under the so-called "broad interpretation" of *Ricordi*, a derivative work was deemed subordinate to the prior work copyright and renewal of the prior work by a statutory successor cut off prior grants to continue the distribution of any derivative work. A "narrower interpretation" distinguished the *dicta* in *Ricordi*, pointing out that (1) *Ricordi* cited *Edmonds* with approval, (2) the only issue posed and decided by *Ricordi* was whether the derivative work (opera) owner could make a *new* work (a movie), and (3) the author of the prior work never purported to grant the derivative work owner more than an interest in *the first term* of the underlying copyright. Although Barbara Ringer's Study No. 31, *supra*,[33] and others adopted the broader interpretation of *Ricordi*, the Second Circuit in *Rohauer* adopted the narrower interpretation.[34] See note 19 and accompanying text. Four

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[33] The future Register of Copyright based her tentative conclusion ("It would seem") on *Ricordi* and similar *dicta* in earlier decisions. B. Ringer, *supra*, at 169; *Rohauer*, 551 F.2d at 492.

[34] Curiously, the majority below dismisses *Rohauer*'s narrow interpretation of *Ricordi*, thereby implying that the Second Circuit does not know how to read its own precedent. App. at 20-22. The majority also second-guesses the Second Circuit with respect to *Gilliam v. American Broadcasting Cos.*, 538 F.2d 14

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Justices of this Court have noted (without contradiction) that *Rohauer's* narrower interpretation of *Ricordi* is the prevailing view.[35] Although later decisions of the Second and Ninth Circuits would not apply the *Rohauer* rule if no conflicting copyrights existed, note 17, *supra*, no decision conflicted with *Rohauer* until the decision below.

C. This Court Has Left This Issue Unresolved

Although the Majority opinion below acknowledges that *Rohauer* and this case involve conflicting copyrights, a situation not present in *Miller Music* or *Ricordi*, it holds this difference to be irrelevant. App. at 26, n.14. It reads *Miller Music* to hold, that for *all purposes* and *in all circumstances*, if the author dies and the successor renews, the

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(2d Cir. 1976). App. at 26, n.14. *Gilliam* was distinguished in the appellee's brief to the *Rohauer* court on the ground that Gilliam's specific holding was based on contract, not copyright principles. Dissent, App. at 49; Petitioner's Op. Br. at 15, n. 21. Perhaps the majority's treatment of *Gilliam* was effected by its mistaken belief that *Gilliam* was decided *after* the *Rohauer* decision. App. at 20, n. 9.

[35] In 1985, construing the analogous derivative works exception in section 304 of the 1976 Act, four dissenting Justices of this Court (without contradiction by the majority), reviewing the debate under the 1909 Act, noted that the *Rohauer* decision had distinguished *Ricordi* and represented the "prevailing view" on the issue before this Court. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.7 (1985)(White, J. dissenting). Dissenting op. below at App. 44 n.1. The majority of this Court in *Mills Music* was careful not to adopt a broad reading of *Ricordi* by referring to respondents' characterizations of *Ricordi* as: "they assert", "according to respondents", "some observers apparently believed". 469 U.S. at 176, n. 45.

derivative work owner has *never* received rights to permit continued use of the derivative work. *Ibid*. This begs the issue never decided by this Court: did Congress intend that renewal by the prior work's successor would disrupt continued use of the derivative work whose rights arose from the same statute?[36] The policies of sections 7 and 24 are best accommodated by Judge Friendly in *Rohauer*, not by the decision below.

D. "Fair Use" Provides an Additional Rationale for the Rohauer Result

Even if this Court were to conclude that section 24, as construed by *Miller Music*, stands as a technical impediment to the *Rohauer* result, the same result could be reached under the "fair use" doctrine codified by section 107 of the 1976 Act.[37] The opinion below, Part III, overlooked that the statutory "fair use" factors are neither exclusive nor *conclusive*, but intended to help focus attention on the overall fairness of the use based on an "equitable rule of reason". *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549, 560 (1985). The defense is said to be based on the fiction of "implied

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[36] Unlike the situation where the author refused to grant such right in the first instance, (*e.g., Ricordi*), a matter of *contract* interpretation; this case and *Rohauer* involve instead, the *copyright policy* question whether *copyright law should* cut off the right of continued use. C. Ellingson, "The Copyright Exception for Derivative Works and the Scope of Utilization," 56 *Ind.L.J.*1, 23-27 (1980); P. Jaszi, "When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest," 28 *UCLA L.Rev.* 715, 807-09 (1981).

[37] The Second Circuit found it unnecessary to reach the "fair use" defense in *Rohauer*, 551 F.2d at 495.

consent" and is often applied to avoid rigid applications of the Copyright Act that occasionally stifle desired creativity. *Id.*, at 550-551 & n.3. Here, the consent of the author, Woolrich, was actual not implied, and would be thwarted, if at all, by a rigid application of section 24 that would defeat the very copyright creativity intended by sections 7 and 24.

The court below rejected the fair use defense, relying primarily on a misunderstanding of counsel's remarks at oral argument[38] to conclude that the Film's 1983 re-release caused a cable television programmer, Home Box Office, to abandon a project to make a television version of the short story under license from respondent Abend. App. at 39-40.[39]

Even if there were evidence that the re-release of the Film had an adverse impact on the Story, the fair use

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[38] The Ninth Circuit regularly taperecords oral argument. Ninth Circuit R. 34-4. Petitioners' counsel has obtained a copy of the recorded argument below. The portion of the argument apparently relied upon by the court below is reprinted at App. 85.

[39] The sole and uncontradicted evidence, from an HBO executive deposition, was that the project "fizzled" not because of the Film's re-release, but because the HBO script "wasn't very good" and "it's very hard to cast a remake of a classic film." HBO's executive expressly testified that the lawful "existence" of the Film, not its disputed "re-release" caused the casting problem. Counsel's comments at the Ninth Circuit hearing merely invited the panel to compare the very material differences between the Story and the Film, to appreciate why HBO's script (based solely on the Story) could never be "very good" without using the "new matter" added by the Film. Appellees' Op. Br. at 37. *E.g.*, Mr. Hitchcock credited Woolrich for about 20% of the film's *story*, *not* 20% of the entire *film*.

defense is still available. The same 1976 Congress[40] that codified the "fair use" doctrine under section 107 also determined that the derivative-works exception to the statutory termination provisions of sections 203 and 304 reflected "a practical compromise that will further the objectives of the copyright law while recognizing the problems and legitimate needs of all interests involved." H.R. 94-1476, 94th Cong., 2d Sess., at 124 (1976). The derivative-works exception applies to *all* derivative works and applies without regard to the possible competitive impact of continued use of the derivative work on new works authorized by the author or the author's statutory successor. *Mills Music*, 469 U.S. at 173.

CONCLUSION

For these various reasons, this petition for certiorari should be granted.

June 23, 1989 Respectfully submitted,

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[40] The fair use and infringement issues in this case, arising from post-1978 activities, are governed by the 1976 Act. Transitional and Supplementary Provision § 112, Pub.L. No. 94-533, 90 Stat. 2541 (1976).

APPENDIX

FOR PUBLICATION

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY, *Plaintiff-Appellant,* v. MCA, INC.; UNIVERSAL FILM EXCHANGE, INC.; JAMES STEWART; PATRICIA HITCHCOCK O'CONNELL, as Co-Executor of the Estate of Alfred Hitchcock and as Co-Trustee of the Assets of the Estate of Alfred Hitchcock; SAMUEL TAYLOR, as Co-Executor of the Estate of Alfred Hitchcock and as Co-Trustee of the Assets of the Estate of Alfred Hitchcock, *Defendants-Appellees.*	Nos. 87-5780; 87-5833; 87-5922 D.C. No. Cv-84-2489-AAH OPINION

Appeal from the United States District Court
for the Central District of California
A. Andrew Hauk, District Judge, Presiding

Argued and Submitted
June 10, 1988 – Pasadena, California

Filed December 27, 1988

Before: Harry Pregerson and David R. Thompson, Circuit Judges, and Paul G. Rosenblatt,* District Judge.

COUNSEL

Peter J.Anderson, Santa Monica, California, for the plaintiff-appellant.

Louis P. Petrich, Los Angeles, California, for the defendants-appellees.

Anne R. Grupp, Culver City, California, for the amicus curiae Turner Entertainment Co.

Stephen A. Kroft, Beverly Hills, California, for the amicus curiae Columbia Pictures Industries, Inc., etc.

OPINION

PREGERSON, Circuit Judge:

Abend, owner of the renewal copyright on the original story on which the motion picture "Rear Window" was based, brought suit against MCA and the trustees and executors of Alfred Hitchcock's estate and assets. Abend's complaint alleges copyright infringement based on defendants' re-release of the "Rear Window" film in theatres, on TV, and on videocassette. The district court granted defendants' motion for summary judgment based on the Second Circuit's decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977), and the "fair use" defense. The district court denied defendants' motion for summary judgment based on alleged defects in the story's copyright and also

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*Honorable Paul G. Rosenblatt, United States District Judge, District Arizona, sitting by designation.

denied plaintiff's motion for summary judgment as to defendants' liability for copyright infringement. Plaintiff appeals the grant of summary judgment for defendants and the denial of his motion for summary judgment. Defendants cross-appeal the denial of their motion for summary judgment based on alleged defects in the story copyright.

BACKGROUND

Plaintiff Abend, a literary agent, acquired from Chase Manhattan Bank the renewal copyrights in several stories written by Cornell Woolrich. Chase Manhattan Bank is the executor of Woolrich's estate. One of these stories, "It Had to Be Murder," was the basis for the 1954 film "Rear Window." The story was first published in February 1942 in *Dime Detective Magazine*. The magazine had a "blanket copyright" in the name of its publisher, Popular Publications, Inc. On April 6, 1943, Popular Publications assigned any rights it had in the story, except the right of magazine publication, to Woolrich, the author. The assignment was recorded in the U.S. Copyright Office.

In 1945, Woolrich agreed to assign the rights to make motion picture versions of six of his stories, including "It Had to Be Murder," to B.G. De Sylva Productions for $9,250. He also agreed to renew the copyrights in the stories at the appropriate time and then assign the same movie rights to De Sylva Productions for the 28-year renewal term. The defendants acquired the movie rights in the story from De Sylva's successors in interest for $10,000.

In 1954, Paramount Pictures produced and distributed "Rear Window," the classic movie version of Woolrich's story "It Had to Be Murder." Alfred Hitchcock directed; Grace Kelly and James Stewart starred.

Woolrich died in 1968 without a surviving spouse or child. He left his property to a trust administered by his Executor, Chase Manhattan Bank, for the benefit of Columbia University. On December 29, 1969, Chase Manhattan Bank renewed the copyright in the "It Had to Be Murder" story pursuant to 17 U.S.C. § 24. In 1972, Chase Manhattan assigned the renewal copyright to the plaintiff Abend for $650 plus 10% of all proceeds from exploitation of the story.

Meanwhile, the film version had been broadcast on the ABC television network in 1971. Plaintiff Abend at that time notified defendants Alfred Hitchcock, James Stewart, and MCA that Abend owned the copyright renewal, but the defendants nonetheless proceeded to enter into a second license with ABC to rebroadcast the movie. In 1974, Abend filed suit against these same defendants, and others, in the U.S. District Court for the Southern District of New York, alleging copyright infringement. To settle the liability for this alleged infringement, Abend dismissed his complaint in return for $25,000.[1]

Three years later, the Second Circuit handed down its decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d

[1] The parties both proceed on the assumption that the settlement did not address any of the issues raised in the current appeal.

Cir.), *cert. denied*, 431 U.S. 949 (1977). Relying on that decision, defendants authorized Universal Pictures to re-release the film. The re-release involved making new 35 and 16 millimeter prints of the film for theatrical exhibition in the United States, creating videocassettes and videodiscs of the film, and publicly exhibiting the film in theaters, over cable TV, and through videodisc and videocassette rentals and sales. The re-release generated over $12 million in revenue.

Abend brought suit against Alfred Hitchcock, James Stewart, and MCA – the owners of the "Rear Window" film and the renewal copyright in the film – and Universal Film Exchange, the distributor of the film. Abend's complaint alleges that the re-release constitutes copyright infringement. The complaint further alleges that defendants also interfered with the exercise of Abend's renewal rights in other ways. Specifically, Abend contends that he sought to contract with Home Box Office (HBO) to produce a play and TV version of the story, but that defendants wrote him and HBO stating that neither he nor HBO could use either of the titles – "Rear Window" or "It Had to Be Murder." The complaint alleges that defendants further interfered with Abend's renewal copyright by attempting to sell the right to make a TV "sequel." The complaint also alleges that the re-release of the original movie in itself interfered with Abend's ability to produce other derivative works.

The parties filed cross-motions for summary judgment. Defendants initially filed two motions for summary judgment, one based on *Rohauer*, the other based on alleged defects in the story's copyright. Plaintiff moved for summary judgment as to defendants' liability for

copyright infringement. Defendants then filed a third motion for summary judgment based on a "fair use" defense. At the hearing on the motions, the district court granted defendants' motions for summary judgment based on *Rohauer* and the fair use defense. The court denied plaintiff's motion for summary judgment and defendants' motion for summary judgment which alleged defects in the story's copyright. The plaintiff appeals the district court's grant of summary judgment for defendants and the denial of his motion for summary judgment. Defendants have cross-appealed from the district court's denial of their motion for summary judgment based on alleged defects in the story's copyright.

STANDARD OF REVIEW

We review a district court's grant of summary judgment de novo, viewing the evidence in the light most favorable to the non-moving party, to determine if any genuine issues of material fact exist. *Baxter v. MCA, Inc.*, 812 F.2d 421, 423 (9th Cir.), *cert. denied*, 108 S. Ct. 346 (1987). Whether a use of copyrighted material is a "fair use" is a mixed question of law and fact. *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 105 S. Ct. 2218, 2230 (1985). If the district court found sufficient facts to evaluate each of the statutory factors, the appellate court may decide whether defendants may claim the fair use defense as a matter of law. *Fisher v. Dees*, 794 F.2d 432, 436 (9th Cir. 1986).

DISCUSSION

I. *Did a Defective Copyright Notice or Defective Copyright Renewal Place the Rear Window Story In the Public Domain Before 1970?*

A. Was the Blanket Copyright Notice Defective?

The parties agree that in 1942 Woolrich conveyed to Popular Publications the magazine publication rights[2] in Woolrich's story, "It Had to Be Murder." Woolrich, however, retained all other rights in the story. During the same year, Popular Publications registered in its name a blanket copyright for the issue of *Dime Detective Magazine* that contained, as part of its publication, the story, "It Had to Be Murder." Woolrich did not separately register any copyright for the story. Defendants contend that, under these circumstances, "It Had to Be Murder" was ineffectively copyrighted and therefore entered the public domain. We disagree.

We adopt the Second Circuit's conclusion that where a magazine publisher has purchased limited publication rights in a work "under circumstances which show that the author has no intention to donate his work to the

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[2] There is no written record of this conveyance. The parties' agreement is based on evidence presented to the district court. The evidence showed that the custom and practice of the time was for authors to convey to publishers only the right to publish the authors' stories in magazines in North America. All other rights were generally retained by the author. Because this practice was standard, there appears to be no disagreement concerning the character of Woolrich's conveyance of rights to Popular.

public, copyright notice in the magazine's name is sufficient to obtain a valid copyright on behalf of the beneficial owner, the author or proprietor [of the work]." *Goodis v. United Artists Television, Inc.*, 425 F.2d 397, 399 (2d Cir. 1970).[3]

In *Goodis*, the Second Circuit addressed a factual situation similar to the one in this case. There, the author of a story granted limited rights to the publisher of a periodical. The publisher registered a blanket copyright in the issue of the periodical that contained the story. The author never separately copyrighted his work. *Id.* at 399.

Under these circumstances, the Second Circuit concluded that the publisher's copyright effectively protected the story and gave the author beneficial ownership of a copyright in the story. In so holding, the court decided that the "doctrine of indivisibility" should not be strictly applied to decide who may copyright a work.

The "doctrine of indivisibility" is a label used to describe the idea that a copyright must be held in full by a single proprietor and may not be partially assigned. *See generally* 3 *Nimmer on Copyright* § 10.01, at 10-4 to 10-19 (1988) ("The Doctrine of Indivisibility Under the 1909

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[3] In *Runge v. Lee*, 441 F.2d 579, 581 (9th Cir.), *cert. denied*, 404 U.S. 887 (1971), we cited *Goodis* with approval for the proposition that a magazine's copyright of a work gives the author beneficial ownership of a copyright in the work. It is not clear from the facts of *Runge*, however, if the author in that case separately registered a copyright in the work. *See id.* at 580. We therefore do not assume that *Runge* fully adopted the holding of *Goodis*.

Act"). Under the doctrine, a "licensee" of a copyright – i.e., someone who holds only partial copyright privileges – may not copyright a work in the licensee's name. *See Goodis*, 425 F.2d at 400.

If the doctrine were strictly applied to the facts of this case and to the facts of *Goodis*, the publisher's copyright could not protect the author's interest in the story. This is because the publisher, who holds only partial copyright privileges in the story, could not copyright the story in the publisher's name.

The problem with strictly applying the doctrine of indivisibility in the context of magazine publishing is that it "bring[s] about the unnecessarily harsh result of thrusting the author's product into the public domain when, as here, everyone interested . . . could see [the publisher's] copyright notice and could not have believed there was any intention by [the author] to surrender the fruits of his labor." *Id.* We agree with the Second Circuit that a strict application of the doctrine in this context is not necessary.

As the Second Circuit noted, the doctrine of indivisibility is a judge-made rule that relates primarily to standing. "The most frequently cited policy for applying the indivisibility rule is to avoid multiple infringement actions, each brought by the holder of a particular right in a literary work without joining as co-plaintiff the author or proprietor of the copyrighted work." *Id.*

Despite the doctrine's continued usefulness in the area of standing, it is not necessary to apply it to determine who may register a copyright to protect the author

of a contribution to a periodical. We agree with the Second Circuit's observation that "the important considerations [for this question] are the intention of the parties to obtain copyright and the adequacy of notice to the public; the characterization of the publisher as assignee or licensee is secondary." *Id.* at 403.

Defendants argue that the Supreme Court's holding in *Mifflin v. R.H. White Co.*, 190 U.S. 260 (1903), bars our adoption of the Second Circuit's holding. We are persuaded by the Second Circuit's treatment of that opinion. *See Goodis*, 425 F.2d at 401-02.

In *Mifflin*, the Supreme Court held that a copyright in a publisher's name could not protect the author's interest in a story printed by the publisher. 190 U.S. at 264. In *Mifflin*, the Court was interpreting the requirements of the Copyright Act of 1831, 4 Stat. 436.

The Second Circuit notes that the 1909 Act changed the procedures for copyrighting a work. Before 1909, under the 1831 Act, an author obtained copyright *before publication* by depositing a copy of the title of his work in the district court in the district of his domicile. *Goodis*, 425 F.2d at 401. After 1909, copyright could be obtained *by publishing the work* with notice in conformity with the Act. *Id.* Thus, it was not until after Congress adopted the Copyright Act of 1909 that authors would have reason to assume that "first publication of the work, whether in magazine or book form, would be the means of obtaining copyright." *Id.* at 402. Once the 1909 Act was adopted, it was common for an "author [to] assume[] the publisher would attend to copyrighting the work in his behalf." *Id.*

To extend the Supreme Court's pre-1909 holding to publication transactions conducted after 1909 would "provide a trap for the unwary author." *Id.*

Thus, we find that the Second Circuit's position is not barred by earlier precedent and makes sound practical sense.

B. *Was the Renewal Defective?*

In 1969, the executor of Woolrich's estate renewed the copyright in "It Had to Be Murder" pursuant to section 24 of the 1909 Act. Defendants contend that this renewal was invalid. They interpret section 24 to allow only Popular – the proprietor of the copyright in *Dime Detective Magazine* – to renew the copyright in "It Had to Be Murder," because it was Popular's blanket copyright in the *Magazine* that originally gave copyright protection to the story.[4] Thus, they argue that "It Had to Be Murder" passed into the public domain at the expiration of the original 28-year copyright term when Popular failed to renew the copyright. This contention lacks merit.

The right to renew the copyright in "It Had to Be Murder" is governed exclusively by section 24 of the Copyright Act of 1909, 17 U.S.C. § 24. *See Epoch Producing Corp. v. Killiam Shows, Inc.*, 522 F.2d 737, 743 (2d Cir. 1975), *cert. denied*, 424 U.S. 955 (1976). Originally, section 24 provided in relevant part:

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[4] This argument assumes a rejection of defendants' previous argument that Popular's blanket copyright of *Dime Detective Magazine* failed to protect "It Had to Be Murder" and placed the story in the public domain.

> [I]n the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work *when such contribution has been separately registered*, the author of such work . . . shall be entitled to a renewal . . . [or, if the author . . . be not living, then the author's executors].

Act of March 4, 1909, c. 320, 35 Stat. 1075 (emphasis added).[5] As originally enacted, section 24 gave authors the right to renew their work, *except*, inter alia,[6] when the work was published under the blanket copyright of a composite work. *See Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 699 (2d Cir. 1941).

In 1940, Congress amended section 24 (then section 23) by deleting the underlined phrase "when such contribution has been separately registered." Act of March 15, 1940, 54 Stat. 51. The issue here is whether section 24 *as amended* gives the author of a contribution to a periodical renewal rights with respect to that contribution, even when the author did not separately copyright the contribution. The legislative history of the 1940 amendment to section 24 leads us to conclude that it does.

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[5] Congress reenacted section 24 as section 304(a) under the new Copyright Act of 1976. *See* 17 U.S.C. § 304(a).

[6] Section 24 provides that the right of renewal belongs to the proprietor of the copyright, i.e., the entity under whose copyright the work is published, in three other circumstances: when the work is published posthumously, when it is copyrighted by a corporate body, and when it is published by an employer for whom such work is made for hire. *See Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 699 (2d Cir. 1941).

The amendment came before Congress twice before it passed.[7] The congressional reports that accompanied the bill on each occasion clearly evince Congress' intent to provide the author of the contribution with a right of renewal. The report that accompanied the bill the first time it went before Congress stated that "[t]he purpose of the bill [is to] . . . restore to the author the right he enjoyed prior to July 1, 1937 [the effective date of section 24], to renew directly in his own name any of his contributions whether separately registered or not." S.Rep. No. 1808, 75th Cong., 3d Sess. 2 (1938). *See also* 83 Cong. Rec. 8297 (1938) (remarks of Senator Lodge describing the amendment's goal providing the author with a right of renewal in his own work).

The second report was less expansive than the first but nonetheless noted:

> The primary purpose of this proposed amendment is to make it possible for authors . . . to save valuable copyrights from falling into the public domain at the end of the first term of 28 years because the contribution to the periodical was not separately registered, although protected by the blanket copyright of the issue of the periodical in which it appeared. Many of such copyrights are falling into the public domain from day to day because the proprietor, i.e., the publishing company of the periodical, has gone out of existence, leaving no successor in interest or any legal representative entitled to renew the copyright.

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[7] The first time the amendment came before Congress, it passed the Senate but Congress adjourned before the amendment could reach the House floor. *See* 83 *Cong. Rec.* 8297 (1938) (amendment passes the Senate); 83 *Cong. Rec.* 8835 (1938) (referred to House Committee); 83 *Cong. Rec.* 9613 (1938) (Congress adjourns six days later).

> This information comes to us through the authors themselves or their agents, who seek to secure renewal, but upon investigation of the original records it turns out that no separate registration of the work in question had been made and consequently the author or his widow, children, etc., are barred under the law as it stands from exercising the renewal privilege.

H.R. Rep. No. 1612, 76th Cong., 3d Sess. 1 (1940). There was no debate or hearing on the amendment. *See* Brylawski, *Renewal of Copyright in a Magazine Contribution: A Belated View*, 42 Geo. Wash. L. Rev. 737, 749 (1974); *see also* 84 Cong. Rec. 7079 (1939).

In light of this legislative history, we think Congress amended section 24 to give authors the right to renew their contributions to composite works, even when the author's contribution had not been separately registered.

No court directly ruled on this issue, but two courts have noted that the author has the right to renew the copyright in a contribution to a composite work. *Bartok v. Boosey & Hawkes, Inc.*, 523 F.2d 941, 948 (2d Cir. 1975) ("contributors can renew individual contributions"); *Cadence Industries Corp. v. Ringer*, 450 F.Supp. 59, 61 n.5 (S.D.N.Y. 1978) (individual author has right to renew whether or not the copyright in his contribution has been separately registered).

The Copyright Office also views the author as having a right of renewal in an individual contribution regardless of whether it has been separately copyrighted. *See United States Copyright Office, Compendium of Copyright Practices* § 11.8.3, at 11-23 (1973) ("While the proprietor of

a composite work may claim renewal in the work as a whole, the author of an individual contribution, or his beneficiaries, may also claim renewal in his contribution"); *see also United States Copyright Office, Compendium of Copyright Practices* § 1317.05, at 1300-24 (1984) (similarly interpreting Copyright Act of 1976).

Consistent with the plain language of section 24, its legislative history, the views of other courts, and the position of the Register of Copyrights, we hold that section 24 gives the author of a contribution to a periodical a right of renewal with respect to that contribution, even when the author has not separately copyrighted the contribution.

II. *Are Defendants Entitled to Summary Judgment as a Matter of Law Based on the Second Circuit's Decision in Rohauer v. Killiam Shows, Inc.?*

As owner of the renewal copyright in Woolrich's story "It Had to Be Murder," Abend argues that defendants' re-release of the movie "Rear Window" in theaters, on cable TV, and on videocassette constitutes infringement of the renewal copyright. Defendants argue that they have the right to continue to exploit "Rear Window" during the 28-year renewal period without regard to Abend's ownership of the renewal copyright in the underlying story, "It Had to Be Murder," because Woolrich agreed to assign to defendants' predecessors in interest the motion picture rights in the underlying story for the renewal period. The lawsuit arises because Woolrich died before he could obtain the renewal copyright. To

resolve this controversy, we must reconcile two competing interests: the interest of the owner of the renewal copyright in an underlying work, i.e., the story, to exclusive use of that work during the 28-year renewal period, and the interest of the owner of the derivative work, i.e., the film, in its continued exploitation. To do so, we must construe two provisions of the Copyright Act of 1909. 17 U.S.C. §§ 7.24 (1909 Act).

Section 24 provides that an author or a designated statutory successor (widow, child, or executor) may, within one year prior to the expiration of the original 28-year copyright term, renew the copyright in a work for an additional 28 years. The plaintiff argues that the statutory successor, from whom he acquired the renewal copyright, took the renewal right under section 24 free and clear of any purported assignments of any interest in the renewal copyright, and that defendants' publication and distribution of the "Rear Window" film therefore infringes his renewal copyright.

Defendants argue that Woolrich's earlier consent to the creation of the movie "Rear Window" and his agreement to assign motion picture rights in the story for the renewal period to their predecessors in interest, once renewal had been accomplished, gives them the right to continue to exhibit the film during the renewal period, even though the author died before effecting renewal of the copyright. To support their position, defendants rely on section 7 of the 1909 Act, 17 U.S.C. § 7 (1909 Act), which gives limited copyright protection to derivative works such as a motion picture based on the underlying copyrighted story. Section 7 states that:

> Compilations or abridgments, adaptations, arrangements, *dramatizations,* translations, or other versions of works in the public domain or *of copyrighted works when produced with the consent of the proprietor of the copyright in such works . . . shall be regarded as new works [i.e. a derivative work] subject to copyright under the provisions of this title;* but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed . . . or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

17 U.S.C. § 7 (1909 Act). (Emphasis added.)

Defendants and the district court both rely primarily on the Second Circuit's decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977), which held that statutory successors to the renewal copyright in an underlying work under section 24 could not "deprive[] the proprietor of the derivative copyright of a right, stemming from the § 7 'consent' of the original proprietor of the underlying work, to use so much of the underlying copyrighted work as already has been embodied in the copyrighted derivative work, as a matter of copyright law." *Id.* at 492. For the reason set forth below, we reject this conclusion.

A. *The Rohauer Decision*

Rohauer involved the 1926 movie, "The Son of the Sheik," based on a novel written by Edith Maude Hull. Hull obtained the copyright in the novel in 1925, and subsequently assigned the motion picture rights to Moskowitz. Hull also agreed to renew the copyright and assign the motion picture rights during the renewal term to the purchaser Moskowitz. *Id.* at 486. In 1926, a movie

based on Hull's story was produced and copyrighted. The owners of the movie renewed the derivative copyright *on the movie* in 1954, and in 1961 sold this copyright to Gregstan Enterprises, Inc., a corporation headed by Paul Killiam. Gregstan assigned the renewal copyright to defendant Killiam Shows, Inc. in 1968. Mrs. Hull died in 1943. Her daughter renewed the underlying copyright *on the novel* in 1952 under section 24, and, in 1965, assigned the movie and television rights to Rohauer. On July 13, 1971, the original movie aired on WNET, the New York public television station, using a tape made from a print obtained from defendant Killiam Shows. Rohauer sued for copyright infringement. *Id.* at 486-87.

1. *Reconciling Sections 7 and 24*

Judge Friendly, writing for the Second Circuit, saw his task as reconciling the first clause of section 7, which grants copyright protection to derivative works, with the section 24 provision for renewal of the underlying copyright. In *Rohauer*, the Second Circuit found that no prior cases addressed this question, and then relied on the "new property right" theory propounded in *Edmonds v. Stern*, 248 F. 897 (2d Cir. 1918), and on the relative "equities" to hold that defendants' broadcast of the "Son of the Sheik" movie did not infringe the renewal copyright in the underlying novel. *Rohauer*, 551 F.2d at 490-93.

In *Edmonds v. Stern*, the Second Circuit held that the owners of a derivative copyright in an orchestral arrangement of a song had a property right "wholly separate and independent" from the property right in the underlying song. 248 F. at 898. According to the court, when the author of the original work gave consent to the creation

of a derivative work, "a right of property sprang into existence, not at all affected by the conveyance of any other right." *Id.* The Second Circuit in *Rohauer* viewed its holding as "only a slight extension" of the *Edmonds* decision. 551 F.2d at 492.

Abend argues that *Rohauer's* adoption of the new property right theory to reconcile sections 7 and 24 violates the traditional rule that "a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work." *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980). Shortly before *Rohauer*, the Second Circuit affirmed the traditional rule in *Gilliam v. American Broadcasting Co.*, 538 F.2d 14 (2d Cir. 1976). In *Gilliam*, plaintiffs, a group of writers and performers, sought to enjoin ABC from broadcasting edited versions of programs that plaintiffs had written and performed for broadcast by BBC. The scriptwriters' agreement between plaintiffs and BBC gave the plaintiffs maximum control over the script and precluded BBC from altering a program once it was recorded. *Id.* at 17. BBC licensed the programs to Time Life Inc. for distribution, which in turn entered into an agreement with ABC for broadcast of the programs. Prior to broadcast, the programs were severely edited. Plaintiffs described the editing as "mutilation." *Id.* at 18. They successfully argued that the editing of the program – the derivative work – infringed plaintiffs' copyright in their script – the underlying work. The court held that section 7 provided protection for the derivative work, so long as it did not affect the "force or validity" of the underlying copyright. But, according to the Second Circuit in *Gilliam*, ownership of the derivative copyright

does *not* carry with it the right to "affect the *scope* or ownership of the copyright in the underlying script." *Id.* at 20 (emphasis added). The Second Circuit in *Gilliam* firmly declared that "the ability of the copyright holder to control his work remains paramount in our copyright law."[8] *Id.* at 21.

Abend also contends that *Rohauer's* adoption of the "new property right" theory fails adequately to distinguish precedent, particularly *G. Ricordi & Co. v. Paramount Pictures Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).[9] In *Ricordi*, Long, the author of the novel

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[8] The parties dispute what effect, if any, section 7's provision that the publication of a derivative work "shall not affect the force or validity" of the copyright on the underlying work has on this case. Abend argues that the defendants' exploitation of the "Rear Window" film impairs the "force or validity" of the copyright in the underlying story in violation of section 7. Defendants argue that section 7's "force or validity clause" was not intended to apply to this situation at all. *Rohauer* supports the defendants' argument. In *Rohauer*, the Second Circuit stated that the "force or validity clause" had no bearing on the issue presented. *Rohauer*, 551 F.2d at 489-80. Because we hold that this case is controlled by the Supreme Court's decision in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), which held that statutory successors to renewal copyrights take free and clear of all purported assignments of the renewal right when the author dies before effecting renewal, we need not decide whether or how section 7's "force or validity" clause bears on this issue.

[9] Nimmer argues that the Second Circuit at least twice repudiated the new property right theory – before *Rohauer* in *Ricordi*, after it in *Gilliam*. 1 *Nimmer* §§ 3.07[A] at 3-24. *See also Russell v. Price*, 612 F.2d at 1127 n.13 ("the so-called 'new property rights' theory which [*Rohauer*] . . . seems partially to adopt, had been consistently rejected in earlier decisions. . . . ").

Madame Butterfly, authorized Belasco to write a play based on the novel. Both Long and Belasco subsequently assigned the right to make an opera based on the play to the plaintiff Ricordi. In 1904, Ricordi copyrighted the opera. Later Ricordi obtained the renewal rights to the opera. Long renewed the copyright in his novel in 1925, and, before his death, assigned the movie rights to Paramount, the defendant. At the same time, Paramount acquired from Belasco's trustee the movie rights to the play. Belasco had never effected renewal of the play's copyright. Ricordi sued for a declaration that he was entitled to produce a movie of the opera. The court held that Ricordi's interest extended only to "what was copyrightable as new matter in its operatic version." *Ricordi*, 189 F.2d at 471. According to the court, "[a] copyright renewal creates a new estate, and . . . the new estate is clear of all rights, interests or licenses granted under the original copyright." *Id.* Thus, Ricordi acquired no rights under author Long's renewal, which was clear of all rights granted under the original copyright, and therefore Ricordi could not "make general use of the novel for a motion picture version of Long's copyrighted story. . . . " *Id.*

Abend argues that under *Ricordi*, a renewal copyright creates a new estate that cuts off any rights acquired during the original term of the copyright. *Rohauer*, however, found *Ricordi* distinguishable for a "fundamental reason:" in *Ricordi*, the agreement between the authors and the plaintiff did not purport to extend beyond the original term of Long's copyright; Ricordi had never

bargained for any rights in the renewal term.[10] *Rohauer*, 551 F.2d at 491. By contrast, in both *Rohauer* and the case before us, the authors clearly agreed to assign the motion picture rights to the owners of the derivative work during the renewal term. *Id.*

We find the distinction between *Ricordi* and *Rohauer* unconvincing because in both situations there is no *effective* grant of motion picture rights to make a derivative work during the renewal term. In *Ricordi*, no grant existed because the parties never included renewal rights in the agreement. In *Rohauer* and our case, the agreements evidenced the intention of each author to assign renewal rights, but renewal rights never vested in either author because each died before the time for renewal accrued, i.e. one year prior to the expiration of the original term. In *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), the Supreme Court held that an assignment of full copyright renewal rights by the author *prior* to the time for renewal – i.e. within one year prior to the expiration of the original 28-year copyright term – *cannot* defeat the right of the author's statutory successor to the renewal copyright when the author dies before the time that the right for renewal has accrued. In *Miller Music*, Black and Daniels composed a song and assigned all rights in it to Villa Moret, Inc., which obtained the original copyright. Before the time when renewal rights accrued, Black assigned his *renewal rights* to Miller Music. Black died before he could effect renewal. His brother became executor and renewed the copyright under

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[10] *Rohauer* distinguished *Fitch v. Shubert*, 20 F. Supp. 314 (S.D.N.Y. 1937), on the same ground.

section 24, and Daniels ultimately acquired the renewal copyright from Black's brother. Miller Music sued Daniels for infringement. The Supreme Court held for Daniels, stating that "the next of kin obtains the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime. These results follow not because the author's assignment is invalid but because he had only an expectancy to assign. . . ."[11] *Id.* at 375. The Court held that section 24 creates contingency interests, and that "[u]ntil [the renewal period] arrives, assignees of renewal rights take the risk that the rights acquired may never vest in their assignors. A purchaser of such an interest is deprived of nothing. Like all purchasers of contingent interest, he takes subject to the possibility that the contingency may not occur." *Id.* at 378.[12]

Miller Music provides ineluctable authority for Abend's position. Since Woolrich died before the renewal period arrived, his purported assignment of renewal rights is ineffective and irrelevant; the most defendants' predecessors could have acquired was an expectancy in the right to use the story that underlies the derivative work during the story's renewal period. The distinction *Rohauer* draws between cases where the author never agreed to assign renewal rights, like *Ricordi* and *Fitch v.*

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[11] Of course, in this case, had Woolrich lived until the time for renewal arrived, Paramount could have enforced his agreement to assign to it the motion picture rights in the renewal copyright. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 657 (1943).

[12] The Court concluded by noting that "[w]hether it works at times an injustice is a matter for the Congress, not for us." *Miller Music*, 362 U.S. at 378.

Shubert, 20 F. Supp. 314 (S.D.N.Y. 1937), and cases like ours, where the author's agreement is plainly unenforceable against his statutory successors, is meaningless. *Accord* 1 *Nimmer on Copyright* §§ 3.07[A], at 3-28, 3-29; *see also Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.8 (1985) (White, J., dissenting) ("If an author had assigned his rights in the renewal term at the time that he assigned rights in the initial term, a grantee might safely release a derivative work prepared under authority of the first-term grant. But if the author had died before his renewal rights vested, his statutory successors acquired those rights, and any previous assignment was rendered null." (Citations omitted.)).

Rohauer virtually ignores *Miller Music*. It dismisses *Miller Music* by stating merely that *Miller Music* and other Supreme Court cases "were concerned with the relative rights of persons claiming full assignment or ownership of the renewal term of an underlying copyright," rather than with the competing rights of the owner of a renewal copyright in the underlying work and the owner of the copyright in the derivative work. *Rohauer*, 551 F.2d at 490. The *Rohauer* court fails to explain why this distinction rendered *Miller Music* irrelevant to the case before it.[13] In our view, the fact that *Miller Music* involved competing claims to the underlying copyright weakens defendants' argument. If *Miller Music* makes assignment of the full renewal rights in the underlying copyright unenforceable when the author dies before effecting renewal of the

[13] The defendants here do little better with respect to the case before us. They add only that the Supreme Court "may want to reconsider *Miller Music*."

copyright, then, a fortiori, an assignment of part of the rights in the underlying work, the right to produce [sic][distribute] a movie version, must also be unenforceable if the author dies before effecting renewal of the underlying copyright.

The legislative history behind section 24 lends further support to Abend's position and the Supreme Court's decision in *Miller Music*. In Hearings before the Committees on Patents on the Proposed Copyright Act, Mr. W. B. Hale, representative of the American Law Book Company, discussed the problem of obtaining renewal rights from joint authors of composite works. He testified that:

> it is only possible to cover the right of renewal of the actual author. The right of renewal is contingent. It does not vest until the end. If he is alive at the time of renewal, then the original contract may pass it, but his widow or children or other persons entitled would not be bound by that contract.

Legislative History of the 1909 Copyright Act K77 (E. Brylawski A. Goldman eds. 1976). Congress understood that the renewal right provided by section 24 was to be contingent. Because the contingent nature of the renewal right would cause hardship to owners of composite works, Congress exempted composite works from this aspect of the renewal provision in the 1909 Act. *See* 17 U.S.C. § 24. Significantly, Congress did *not* include a similar exemption for derivative works.[14]

[14] The dissent seeks to distinguish the facts in the instant case and the facts in *Rohauer* from cases such as *Miller Music* and *Russell* by arguing that the instant case and *Rohauer*

(Continued on following page)

2. *The Equities and the 1976 Act*

The *Rohauer* decision and defendants' position ultimately rest on policy considerations. *Rohauer,* found that "the equities lie preponderantly in favor of the proprietor of the derivative copyright." *Rohauer,* 551 F.2d at 493. *Rohauer* correctly observes that "[i]n contrast to the situation where an assignee or licensee has done nothing more

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involve two copyrighted works – the underlying work and the derivative work – whereas *Miller Music* and *Russell* involve only one copyrighted work. Dissent at 4. This distinction is not relevant because the critical inquiry is the extent of the defendants' copyright in the derivative work. We recognize that the defendants are entitled to use the "new matter" contained in the derivative work. We conclude, however, based on well-settled principles of copyright law articulated in *Miller Music, Russell,* and the other cases cited above, that the defendants do not have the unrestricted right to use the "old matter" in the derivative work (i.e., the material taken from the underlying work) during the underlying work's copyright renewal period.

The defendants only have two potential bases for their claimed right to use the "old matter" during the copyright renewal period of the underlying work. First, they might argue that the right was transferred to their predecessors by the predecessors of the plaintiffs. As we demonstrate above, the rule articulated by the Supreme Court in *Miller* leads to the conclusion that the predecessors of the plaintiffs did not succeed in transferring the disputed right to the predecessors of the defendants. *See supra* at 23. Second, they might claim the disputed right on the basis of the original copyrighting of the derivative work by their predecessors. We have shown, however, that the traditional copyright rule provides that a derivative copyright protects only the "new matter" contained in the derivative work, not the *old matter." See supra* at 19-22 (citing *Russell, Gilliam,* and *Ricordi*).

than print, publicize and distribute a copyrighted story or novel, a person who with the consent of the author has created an opera or a motion picture film will often have made contributions literary, musical and economic, as great as or greater than the original author." *Id.* The court's own words, however, reveal the flaw in its analysis: the "greater contribution" theory can cut both ways. While the creators of the "Rear Window" movie clearly made substantial and costly contributions to the underlying work, other derivative works protected by the *Rohauer* rule might involve only minimal contributions to the underlying work, Consequently, this rationale alone cannot justify *Rohauer's* holding.

Rohauer's second equity consideration is the inability of the purchaser of the derivative copyright "to protect himself against the eventuality of the author's death before the renewal period" since the author's statutory successors could not be definitely ascertained until that date.[15] *Id.* Again, the Second Circuit raises a legitimate concern, but one the Supreme Court apparently rejected in *Miller Music.* That case put assignees of copyright renewal rights on notice that they were acquiring only a contingent interest, with the risk that the interest might not vest. *Miller Music,* 362 U.S. at 375.

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[15] Defendants and amici argue that this risk will lead producers to withdraw films from distribution to avoid infringing the copyright in the underlying work. The public will then be denied access to countless classic films. Defendants' and amici's dire prediction, however, seems remote. More likely, owners of the renewal copyright and producers will reach a mutually beneficial financial arrangement which will ensure continued public access to the films.

Moreover, *Rohauer's* exclusive focus on potential unfairness to makers of derivative works overlooks important policies behind section 24 that favor the author. Congress enacted section 24 for two specific purposes. First, Congress sought to provide authors with a "second chance" to reap the benefits of their work, particularly since authors must often negotiate from an unequal bargaining position.[16] Congress recognized that "not infrequently . . . the author sells his copyright outright to a publisher for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years . . . it should be the exclusive right of the author to take the renewal term. . . ." *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 654 (1943) (quoting H. Rep. 2222, 60th Cong., 2d Sess., pp. 14-15).

This concern is more compelling in the case before us. The infringement in *Rohauer* consisted of making one videotaped copy of a print of the film and broadcasting it over a public television station. This case, by contrast, involves a nationwide re-release of the film in theatres, in the video-cassette sales and rental markets, and on cable TV. Clearly, when Woolrich agreed to assign his renewal rights, he could not have foreseen the technological advances which have enabled the authors of the derivative work to expand tremendously their exploitation of

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[16] Congressional recognition of the need for this protection of authors undercuts *Rohauer's* assertion that authors can protect their heirs by limiting the terms of the assignment. *Rohauer*, 551 F.2d at 493-94.

the film. This development highlights the policy motivating section 24: Congress' desire to give authors a "second chance" to make a better deal. To the extent *Rohauer* depends on equitable considerations, its failure to consider the author's interests under section 24 makes the *Rohauer* result even more problematic.

Second, by enacting section 24, Congress intended to provide protection to the author's family and so extended the renewal right to include the author's surviving family or heirs, should the author die during the original term of the copyright. Section 24 in essence acts as a "compulsory bequest of the copyright to the designated persons." *De Sylva v. Ballentine*, 351 U.S. 570, 584 (1956). In balancing the equities in favor of the derivative copyright owner, *Rohauer* never discusses either of these concerns underlying section 24.

Instead, *Rohauer* looked to the 1976 Copyright Act to support its balancing of the equities. The 1976 Act replaced the two-term scheme established under the 1909 Act with a single term of copyright protection that would last for the life of the author plus fifty years. 17 U.S.C. § 302. This single term, however, applied only to works copyrighted after its effective date, January 1, 1978. For works in copyright prior to that date, the two-term renewal system remained in effect. 17 U.S.C. § 304.

The 1976 Act also provided for an additional 19-year extension for existing renewal copyrights, subject to the right of the author at the end of the 28th year of the original renewal term to terminate any grants or licenses. However, the 1976 Act included an exception for derivative works. The author's right to terminate prior grants or

licences [sic] for the 19-year extension period does not apply to existing derivative works for which the author had *granted 28-year renewal rights*. 17 U.S.C. § 304(c)(6)(a).

Rohauer viewed this exception as evidence of Congress' intent to give "special protection" to derivative works. *Rohauer*, 551 F.2d at 494. While Congress may, indeed, have intended section 304(c)(6)(a) to provide additional protection in 1976, Congress' intent regarding the 1976 Act does not shed any light on the meaning of the 1909 Act. By its terms, section 304 only applies to the additional 19-year period. Abend persuasively argues that *Rohauer* thus does what Congress declined to do – apply the termination exception retroactively to the 28-year renewal period. When Congress enacted the 1976 Act, the prevailing view was that the owners of the renewal copyright in the underlying story could "veto" the continued use of the derivative work.[17] *Miller Music*,

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[17] Defendants argue that in Justice White's discussion of the 1909 Act, he and the three Justices who concurred in his dissent "approved" of *Rohauer*. *See Miller Music*, 469 U.S. at 183 n.7. Defendants overstate the case. In the footnote to which defendants refer, Justice White provides support for his statements regarding the renewal rights veto power over continued use of derivative works. Describing this view as the "broad interpretation," Justice White cites *Rohauer* in concluding that "[a] narrower interpretation eventually prevailed, but not until after passage of the 1976 Act." *Id.* This comment indicates neither approval nor disapproval by those four Justices. Nor does it carry much weight as an observation. In the text of the dissent, Justice White accepts as the "prevailing *understanding*" that the owner of renewal rights had "veto power" over continued use of a derivative work. *Id.* at 183.

469 U.S. at 183 (White, J., dissenting). We can reasonably presume that Congress knew of this prevailing view when it enacted the 1976 Act and chose not to alter the balance. *Cf. Miller Music*, 469 U.S. at 172.

Neither the equities, precedent, nor Congressional intent justify us in changing the balance between owners of renewal copyrights in underlying works and owners of the copyright in derivative works when Congress has refrained from doing so. We therefore hold that defendants' continued exploitation of the "Rear Window" film without Abend's consent violates Abend's renewal copyright in the underlying story "It Had to Be Murder," unless the defendants can establish any affirmative defenses.[18]

Our holding does not mean, however, that the equities of this case have no bearing on its outcome. We are mindful that this case presents compelling equitable considerations which should be taken into account by the district court in fashioning an appropriate remedy in the event defendants fail to establish any equitable defenses. Defendants invested substantial money, effort, and talent in creating the "Rear Window" film. Clearly the tremendous success of that venture initially and upon re-release

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[18] For the reasons discussed in the next section, we hold that defendants cannot characterize their use of the underlying story as a "fair use" to avoid liability for infringement. Defendants raise other equitable defenses to Abend's infringement action, in addition to fair use. Because defendants have not had the opportunity to present these other defenses fully, *see* discussion at IV, *infra*, the district court should consider these defenses on remand.

is attributable in significant measure to, inter alia, the outstanding performances of its stars – Grace Kelly and James Stewart – and the brilliant directing of Alfred Hitchcock. The district court must recognize this contribution in determining Abend's remedy.

The district court may choose from several available remedies for the infringement. Abend seeks first an injunction against the continued exploitation of the "Rear Window" film. 17 U.S.C. § 502(a) provides that the court "*may* . . . grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright."[19] Defendants argue (in an attempt to persuade us to accept *Rohauer*) that a finding of infringement presumptively entitles the plaintiff to an injunction, citing Professor Nimmer. *See* 3 M. Nimmer, *Nimmer on Copyright* § 14.06[B] at 14-55 to 14-56.2 (1988). However, Professor Nimmer also states that "where great public injury would be worked by an injunction, the courts might . . . award damages or a continuing royalty. instead of an injunction in such special circumstances." *Id.* at 14-56.2.

We believe such special circumstances exist here. The "Rear Window" film resulted from the collaborative efforts of many talented individuals other than Cornell Woolrich, the author of the underlying story. The success of the movie resulted in a large part from factors completely unrelated to the underlying story. "It Had to Be

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[19] We apply the remedy provisions of the 1976 Copyright Act because the infringement occurred after 1977. *See Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 754 (9th Cir. 1978), *cert. denied*, 439 U.S. 1132 (1979).

Murder." It would cause a great injustice for the owners of the film if the court enjoined them from further exhibition of the movie. An injunction would also effectively foreclose defendants from enjoying legitimate profits derived from exploitation of the "new matter" comprising the derivative work, which is given express copyright protection by section 7 of the 1909 Act. Since defendants could not possibly separate out the "new matter" from the underlying work, their right to enjoy the renewal copyright *in the derivative work* would be rendered meaningless by the grant of an injunction. We also note that an injunction could cause public injury by denying the public the opportunity to view a classic film for many years to come.

This is not the first time we have recognized that an injunction may be an inappropriate remedy for copyright infringement. In *Universal City Studios v. Sony Corp. of Amer.*, 659 F.2d 963, 976 (9th Cir. 1981), *rev'd on other grounds*, 464 U.S. 417 (1984), we stated that Professor Nimmer's suggestion of damages or a continuing royalty would constitute an acceptable resolution for infringement caused by in-home taping of television programs by VCR – "time-shifting." *See also Sony Corp. v. Universal City Studios*, 464 U.S. 417, 499-500 (1984) (Blackmun, J., dissenting).

As the district court pointed out in the *Sony* case, an injunction is a "harsh and drastic" discretionary remedy, never an absolute right. *Universal City Studios v. Sony Corp. of Amer.*, 480 F. Supp. 429, 463, 464 (C.D. Cal. 1979), *rev'd on other grounds*, 659 F.2d 963 (9th Cir. 1981), *aff'd* 464 U.S. 417 (1984). Abend argues nonetheless that defendants' attempts to interfere with his production of new

derivative works can only be remedied by an injunction. We disagree. Abend had not shown irreparable injury which would justify imposing the severe remedy of an injunction on defendants. Abend can be compensated adequately for the infringement by monetary compensation. 17 U.S.C. § 504(b) provides that the copyright owner can recover actual damages and "any profits of the infringement that are *attributable to the infringement* and are not taken into account in computing the actual damages." (Emphasis added.)

The district court is capable of calculating damages caused to the fair market value of plaintiff's story by the re-release of the film. Any impairment of Abend's ability to produce new derivative works based on the story would be reflected in the calculation of the damage to the fair market value of the story. In *Cream Records, Inc. v. Jos. Schlitz Brewing Co.*, 754 F.2d 826, 827 (9th Cir. 1985), for example, the plaintiff presented evidence that defendants' unauthorized use of part of plaintiff's song in a commercial had "destroyed the value of the copyrighted work "to other advertisers." We held that the plaintiff could recover this lost value as damages. *Id.* at 827-28.

In addition to actual damages suffered, Abend would be entitled to profits attributable to the infringement. 17 U.S.C. § 504(b). Defendants' fear that Abend could receive 100% of their profits is unfounded. Abend can receive only the profits attributable to the infringement. *Id.*; *Frank Music Corp.*, 772 F.2d 505, 518 (9th Cir. 1985) ("When an infringer's profits are attributable to factors in addition to use of [its] work, an apportionment of profits is proper."). Should the court find infringement because

defendants have failed to establish any affirmative defenses, on remand it must apportion damages.

While apportioning profits is not always an easy task in these cases, neither it is a new or unusual one. In the landmark case of *Sheldon v. Metro-Goldwyn-Mayer Pictures Corp.*, 106 F.2d 45 (2d Cir. 1939), *aff'd*, 309 U.S. 390 (1940), Judge Learned Hand held that profits should be apportioned between the plaintiff and defendants, after finding that defendants' movie "Letty Lynton" infringed plaintiff's play "Dishonored Lady." *Sheldon*, 309 U.S. at 396. Judge Hand recognized that "no real standard" can govern this apportionment, but he "resolved to avoid the one certainly unjust course of giving the plaintiffs everything, because the defendants cannot with certainty compute their own share." *Sheldon*, 106 F.2d at 51. The court then set plaintiffs' share of the profits at 20%, to "favor the plaintiffs in every reasonable chance of error." *Id.*

We likewise recognize that courts cannot be expected to determine with "mathematical exactness" an apportionment of profits. We require only a "reasonable and just apportionment." *Frank Music Corp.*, 772 F.2d at 518. In *Frank*, the defendants infringed plaintiff's copyright in the play "Kismet" by including parts of songs and six minutes of music from the play, and by using similar characters and setting in Act IV of a musical revue entitled "Hallelujah Hollywood." *Id.* at 510. We remanded to the district court for apportionment of profits using a reasonable formula.

We also required apportionment in *Cream Records*, 754 F.2d at 828. In *Cream*, the plaintiff, owner of the copyright in "The Theme From Shaft," sought to recover

all profits earned from a commercial produced by the defendants which infringed plaintiff's copyright by using a ten note ostinato from the song. *Id.* We held that "[i]n cases such as this where an infringer's profits are not entirely due to the infringement, and the evidence suggests some division which may rationally be used as a springboard, it is the duty of the court to make some apportionment.' " *Id.* at 828-29 (quoting *Orgel v. Clark Boardman Co.*, 301 F.2d 119, 121 (2d Cir.), *cert. denied*, 371 U.S. 817 (1962).

Because factors other than Woolrich's story clearly contributed to "Rear Window's" success, should the district court find that the defendants have failed to establish any affirmative defense to the infringement, the district court should award Abend actual damages and apportion profits between Abend and the defendants. We turn now to the defenses raised by defendants.

III. *Is the Defendants' Use of the Underlying Work a "Fair Use"?*

Defendants argue that if we do not affirm the district court's grant of summary judgment based on *Rohauer*, we should do so on the alternative ground relied on by the district court – that use of the copyrighted story was a "fair use." We conclude, however, that the district court erred in holding that the defendants' use was fair.

Under 17 U.S.C. § 107, certain unauthorized uses of a copyrighted work are not infringing. These uses are termed "fair uses." Section 107 does not set forth a clear test for determining when a use is a "fair use." Rather, it identifies four non-exclusive factors that the court must consider:

> (1) the purpose and character of the use, including whether such is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C. § 107.

In applying the first factor, the Supreme Court has held that "every [unauthorized] commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright." *Sony Corp. v. Universal Studios, Inc.*, 464 U.S. 417, 451 (1984). The defendants argue that their distribution of the "Rear Window" film serves an educational purpose, rather than a commercial one. They offer no authority, however, for the bold proposition that a work's popularity may make its value educational rather than commercial. Clearly, the defendants' "use is of a commercial nature." 17 U.S.C. § 107(1).

The second factor that we must consider is the nature of the copyrighted work. A use is less likely to be deemed fair when the copyrighted work is a creative product. *See, e.g., Brewer v. Hustler Magazine, Inc.*, 749 F.2d 527, 529 (9th Cir. 1984) (citing *Sony Corp.*, 464 U.S. at 455 n. 40); *see also* 3 *Nimmer on Copyright* § 13.05[A] at 13-77 ("[C]opyright protection is narrower, and the corresponding application of the fair use defense greater, in the case of factual works than in the case of works of fiction or fantasy."). Here, the

copyrighted work is a fictional short story: a quintessentially creative product. This factor, therefore militates against a finding of fair use.

The third factor is the amount of the portion used in proportion to the entire copyrighted work. It is undisputed that the "Rear Window" film was based on the underlying story, "It Had to Be Murder." Although it is not entirely clear how much of the story was used in the film, Alfred Hitchcock testified in his deposition that the film was at least "20 percent Cornell Woolrich."

We have held that "[o]ne cannot copy the substance of another's work without infringing his copyright." *Benny v. Loew's Inc.*, 239 F.2d 532, 537 (9th Cir. 1956) (television burlesque of copyrighted motion picture is not a fair use), *aff'd by an equally divided court sub nom. Columbia Broadcasting System v. Loew's*, 356 U.S. 43 (1958). Recently, we noted that the Supreme Court's decision in *Sony* "casts doubt on [this court's] previous pronouncements concerning wholesale copying as an absolute preclusion to fair use." *Hustler Magazine, Inc. v. Moral Majority, Inc.*, 796 F.2d 1148, 1155 (9th Cir. 1986) (Pregerson, J.). In *Sony*, however, the Supreme Court merely held that "time-shifting" – making a video-tape copy of a television broadcast for viewing at a later time – was a fair use. *Sony* does not stand for the proposition that wholesale copying for a purely commercial purpose may ever be a fair use. Indeed, in *Harper & Row* the Supreme Court held that the unauthorized quotation of an insubstantial portion of an unpublished manuscript was not a fair use when the quotation "took what was essentially the heart of the book." 105 S. Ct. at 2233 (citation omitted).

Here, a substantial portion of the underlying story, "It Had to Be Murder," was used in the "Rear Window" film. Even if the film did not take "what was essentially the heart of the [story]," we conclude, based on our application of the other four statutory factors, that the defendants' use was not a fair use.

The fourth factor that we must consider is the effect of the use on the potential market for the copyrighted work. Nimmer terms this factor "the most important, and indeed, central fair use factor." 3 *Nimmer on Copyright* § 13.05[A] at 13-80. To illustrate the application of this factor, Nimmer posits a hypothetical in which an unauthorized motion picture is made based on a copyrighted novel. Although the motion picture will have no adverse effect on bookstore sales of the novel – and may in fact have a beneficial effect – it is "clear that [the film's producer] may not invoke the defense of fair use." 3 *Nimmer on Copyright* § 13.05[B] at 13-84. Nimmer explains that although the film will not prejudice the novel's sale in the book medium, it will prejudice its sale in the motion picture medium. *Id.* "If the defendant's work adversely affects the value of any of the rights in the copyrighted work (in this case the adaptation right) the use is not fair even if the rights thus affected have not as yet been exercised by the plaintiff." *Id.* at 13-84 - 13-85 (footnotes omitted).

Here, there is no question that the adaptation rights were adversely affected by the defendants' re-release and distribution of the "Rear Window" film. Abend stated in his declaration that he was interested in obtaining the rights to the underlying story, "It Had to Be Murder," because he thought that it should be republished, and

because he thought that it could be remade for United States television. Counsel for the defendants conceded at oral argument that Abend's plans for a remake were frustrated by the existence of the "Rear Window" film. Explaining why HBO abandoned a project to remake the story into a film, counsel for the defendants stated: "It's not hard to figure out when you compare the underlying work with our movie." Under Nimmer's hypothetical, this adverse effect on the owner's adaptation rights makes the defendants' use of the underlying work unfair. It is irrelevant that the re-release of the "Rear Window" film may have promoted sales of the underlying story in the book medium.

This case presents a classic example of an unfair use: a commercial use of a fictional story that adversely affects the story owner's adaptation rights. The district court erred as a matter of law in concluding that the defendants' use was a fair use.

IV. *Did the District Court Err in Denying Plaintiff's Motion For Summary Judgment?*

When the district court granted defendants' motions for summary judgment based on *Rohauer* and "fair use," it denied plaintiff's motion for summary judgment as to defendants' liability for copyright infringement. Abend appeals the denial of his motion for summary judgment.[20] He argues that there are no genuine issues of material

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[20] Ordinarily a denial of a motion for summary judgment is not a final order and thus not appealable. 28 U.S.C. § 1291. However, the district court's grant of summary judgment was a final decision giving us jurisdiction to review its denial of plaintiff's motion for summary judgment.

fact regarding various affirmative defenses raised by the defendants and that he is therefore entitled to judgment as a matter of law.

Although we hold that the district court erred in granting summary judgment for defendants based on *Rohauer* and fair use, we cannot grant plaintiff's motion for summary judgment and decide whether defendants have infringed plaintiff's renewal copyright. Our review of the record indicates that the district court denied Abend's motion because it granted the defendants' motions based on *Rohauer* and fair use, and did not fully consider the merits of Abend's motion regarding the various affirmative defenses raised by the defendants.[21] Consequently, we remand to the district court for reconsideration of plaintiff's motion for summary judgment and the affirmative defenses raised by defendants.

CONCLUSION

We affirm the district court's denial of defendants' motion for summary judgment based on alleged defects in the story's copyright and renewal.

We reject the Second Circuit's reasoning in *Rohauer* and reverse the district court's grant of summary judgment on this issue. Likewise, the panel should hold that defendants' re-release of the film was not a "fair use" of the underlying story.

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[21] These affirmative defenses include estoppel, unclean hands, waiver, abandonment, laches, and copyright misuse.

Because the district court may not have considered the merits of Abend's motion for summary judgment, we remand the case to the district court for reconsideration.

THOMPSON, Circuit Judge, dissenting:

I concur in Part I of the majority opinion.

I respectfully dissent from Part II, and write more about that later.

I concur in the majority's conclusion in Part III that the district court erred in granting the defendants' motion for summary judgment based upon the defense of "fair use," but I do not agree with, and accordingly express my dissent from, that portion of Part III in which the majority suggests that the defendants' copyright in the movie, "Rear Window," is in some way limited because the "fair use" defense is inapplicable to Abend's claim of infringement.

The majority's view of "fair use" is premised on a hypothetical example by Professor Nimmer in which he assumes that "an unauthorized motion picture is made based on a copyrighted novel." *See* majority opinion at page 15510. The obvious flaw in this reasoning is that the premise does not apply in this case. Here, the movie "Rear Window" was not an "unauthorized" creation. Moreover, the defendants copyrighted it. It enjoys its own copyright protection as a derivative work, as I discuss later in this dissent. Pursuant to this copyright, the defendants have the right to exploit their movie without infringement by others, including Abend. The unavailability of the "fair use" doctrine as a defense to

Abend's claim of infringement of his copyright has nothing to do with the defendants' right to use their movie which is protected by its own copyright.

I dissent from Part IV of the majority opinion, because I believe the district court did not err in denying Abend's motion for summary judgment.

My dissent from Part II is predicated on my conviction that the district court was correct in granting summary judgment in favor of the defendants on the basis of the Second Circuit's decision in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977). I would hold, therefore, that the defendants' 1983 rerelease and exhibition of their movie, "Rear Window," did not infringe Abend's renewal copyright in the story "It Had to Be Murder."

The majority opinion accurately recites the facts. I state the following only to focus on those circumstances which I believe apply to an appropriate analysis of *Rohauer*.

In 1942, Cornell Woolrich's short story "It Had to Be Murder" was first published. Three years later, Woolrich agreed to assign exclusive worldwide motion picture rights in the story for its initial and renewal copyright terms to the defendants' predecessor-in-interest. Pursuant to this grant, and during the initial term of Woolrich's copyright, the defendants produced and released the motion picture "Rear Window," based in part on Woolrich's story. The film, directed by Alfred Hitchock and starring James Stewart and Grace Kelly, was released in 1954. It was copyrighted by the defendants at that time.

In 1968, just before the onset of the story's renewal period Woolrich died. Thus he never assigned the renewal rights in the story to the defendants as he had promised. A year later Woolrich's executor did renew the story's copyright, effective in 1970. In 1971, Abend acquired the story's renewal rights from Woolrich's executor. In 1982, the defendants renewed their copyright in the film "Rear Window." In 1983, the defendants re-released the film. Thereafter, Abend brought this suit claiming infringement of the story's renewal copyright and seeking compensatory damages, an accounting of the defendants' profits and a permanent injunction which, among other things, would enjoin the defendants from exhibiting, distributing, selling or marketing "Rear Window" in the United States.

The majority believes that *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) controls this case. *See* majority opinion, pages 15493-15494 n.8 [App. 20-21 n.8] and page 15497 [App. 24]. As Judge Friendly explained in *Rohauer*, however,[1] *Miller Music* involved a set of facts significantly different from those presented in *Rohauer* and in the present case. *Rohauer*, 551 F.2d at 490.

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[1] The majority asserts that Judge Friendly "virtually ignore[d]" *Miller Music* in *Rohauer*, and *Miller Music* "provides ineluctable authority for Abend's position." Majority opinion at page 15497 [App. 24]. The majority thus suggests that Judge Friendly either did not understand or purposely ignored the obvious. As I explain above, I believe Judge Friendly correctly determined that *Miller Music* failed to address the situation presented by *Rohauer*. Indeed, the Justices of the Supreme Court who have expressed an opinion about the *Rohauer* decision have noted that it states the view of the 1909 Act that has "prevailed." *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.7 (1985) (White, J., dissenting).

Miller Music involved *only one* copyrighted work. In that case, two music publishers claimed the right to publish the song "Wine and Roses" through purported assignments of the renewal copyright in the song. Miller Music Company had been assigned the renewal rights by the song's co-author, Ben Black, during the song's initial copyright term. Before that initial term expired, Black died. His will contained no specific bequest concerning the renewal copyright. Black's executor renewed the copyright, which was then distributed by decree of the probate court to Black's residuary legatees. These legatees then assigned the renewal copyright to Charles N. Daniels, Inc. The Supreme Court held that this latter publisher, and not Miller Music Co., owned the publishing rights to the song. In so doing the Court merely addressed "the relative rights of persons claiming full assignment . . . of the renewal term of" a single copyrighted work. *Rohauer*, 551 F.2d at 490. *See also Miller Music*, 362 U.S. at 374.

By contrast here, as in *Rohauer*, two separately copyrighted works, each capable of being renewed under section 24 of the 1909 Act, are involved, The distinction, as Judge Friendly recognized, is an important one. The defendants do not challenge Abend's right to publish the story, nor do they claim a right to publish it themselves; they do challenge Abend's ability to block their right to show their film or to participate in its profits. Instead of being called upon to decide which of two parties *has* rights under the 1909 Act (the question decided by the Court in *Miller Music*), we are called upon to reconcile the interests of two parties who *both* have rights under the 1909 Act. *See Rohauer*, 551 F.2d at 490.

The question thus remains here, as it did in *Rohauer*, whether continued exhibition of the copyrighted derivative work (the film "Rear Window") should be deemed to infringe Abend's renewal copyright on the underlying work (the story "It Had To Be Murder.") *See Rohauer*, 551 F.2d at 485-86. In my view, it should not. Nothing in the 1909 Act limits the use a copyright holder can make of his properly created derivative work. Rather, in section 7 of the 1909 Act, Congress gave derivative works dignity equal to underlying works, by providing that derivative works "shall be regarded as *new works subject to copyright under the provisions of this title*," so long as "produced with the consent" of the proprietor of the underlying copyright. 17 U.S.C. § 7 (emphasis added). Thus, like an underlying work, a properly created[2] derivative work is entitled to the full range of protection provided to all works copyrighted under the 1909 Act.

Mindful of this, Judge Friendly concluded that it would not make sense to "deprive[] the proprietor of the derivative copyright of a right, stemming from the section 7 'consent' of the original proprietor of the underlying work, to use so much of the underlying copyrighted work as already has been embodied in the copyrighted derivative work" simply because the renewal copyright in the underlying work had vested in the statutory successor to the original proprietor instead of the original proprietor. *Rohauer*, 551 F.2d at 492. The identical situation is presented here, and the same result should obtain.

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[2] There is no dispute that the derivative film "Rear Window" was originally made with valid section 7 consent.

Abend argues, and the majority appears to agree, that Judge Friendly's *Rohauer* analysis "violates" the "traditional rule" of this circuit as expressed in *Russell v. Price*, 612 F.2d 1123 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980), that "a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work." *Russell* at 1128. This is not so.

Russell involved the George Bernard Shaw play "Pygmalion." The play was copyrighted by Shaw. A motion picture of the same name based on the play had been produced under a license from Shaw. The film itself was copyrighted when initially made. However, *the film's copyright was never renewed*. The copyright in the underlying play, meanwhile, had been renewed. The case arose when holders of the underlying play's renewal copyright sued defendants who had distributed the film after the film's copyright had expired.

The defendants in *Russell*, citing *Rohauer*, argued that when the film's derivative copyright expired, the whole product entered the public domain free of the monopoly protection of any subsisting copyright in the underlying work. *Russell*, 612 F.2d at 1127. For this reason, defendants argued, the underlying work, like the derivative work, was no longer protected by the copyright laws. We rejected that notion, and explained that the defendants' attempt to rely on *Rohauer* was misplaced, because the facts of *Rohauer* involved "significant differences" from the facts of *Russell*. *Id*. at 1126. The *Russell* court then held that "although the derivative work may enter the public domain, the matter contained therein which derives from a work still covered by statutory copyright *is not dedicated*

to the public." Id. (emphasis added). The import of the "traditional rule" in *Russell* is simply that a derivative work's loss of its copyright protection does not cause the loss of the underlying work's copyright protection.

In the present case, the defendants do not argue that Woolrich's story is no longer protected from public appropriation. Rather, they assert the right to exhibit their own protected work. Thus, once again the present case is distinguishable because it presents the conflict of two protected works. *Russell,* like *Miller,* involved only one copyrighted work; the film in *Russell* was no longer protected by copyright law. The court in *Russell* was not faced as we are here with two works of equal dignity in the eyes of copyright law. Indeed, the *Russell* court itself pointed out that in *Russell,* unlike *Rohauer,* there was "no longer a conflict between two copyrights, each apparently granting 'their proprietors overlapping "exclusive" rights to whatever underlying material . . . had been incorporated into the derivative film.' " *Russell,* 612 F.2d at 1128 (citation omitted).

Both Abend and the majority assert that *Rohauer* runs counter to cases in its own Second Circuit, in particular one case antedating *Rohauer, G. Ricordi & Co. v. Paramount Pictures, Inc.,* 189 F.2d 469 (2d Cir.), *cert. denied,* 342 U.S. 849 (1951), and one case announced after *Rohauer, Gilliam v. American Broadcasting Co.,* 538 F.2d 14 (2d Cir. 1976). These cases, however, are distinguishable.

Like *Russell, Ricordi* did not concern the question whether the holder of a derivative copyright could exhibit that copyrighted work. Rather, it concerned the question whether the derivative copyright holder could

produce a new and different derivative work without the consent of the underlying copyright holder.

Ricordi obtained the rights to make a libretto for an opera from the novel "Madame Butterfly."[3] The agreement granted such rights for the *initial* copyright period *only.* Ricordi made the opera and copyrighted it. Later, during the novel's renewal period, Ricordi sued for a declaration that he was entitled to produce a movie based on the opera. The Second Circuit held that to the extent Ricordi had added new matter, he could produce a movie based thereon, but he no longer had the right to exploit the underlying material for a movie. *Ricordi,* 189 F.2d at 471.

Unlike Ricordi, the defendants here do not seek to create a new work from their movie. If they sought to make a play, or even a new movie, *Ricordi* would be applicable. Moreover, there was no challenge in *Ricordi* analogous to the one here – no one there challenged Ricordi's ability to exhibit his opera. For these reasons Judge Friendly in *Rohauer* properly distinguished *Ricordi. Rohauer,* 551 F.2d at 493.

Neither is *Gilliam* on point. In that case, a group of British actors and performers known as "Monty Python" held the copyrights in scripts written for a television series. The copyrights in the recorded programs based on

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[3] He also obtained permission to make the opera from the holder of a copyright in a play based on the book; the play had been created pursuant to proper consent of the novel's author as well.

the scripts, meanwhile, were held by the British Broadcasting Corporation (BBC). Under a detailed agreement between Monty Python and the BBC, the latter was not permitted to edit the programs without first consulting the Monty Python writers. The BBC later granted the American Broadcasting Company (ABC) the right to broadcast several of the programs. ABC severely edited the programs. Monty Python sued for infringement of their scripts.

In finding for Monty Python, the Second Circuit concluded that since the BBC itself had never obtained permission to edit the scripts, it could not possibly transfer such a right to a third party like ABC. *Gilliam*, 538 F.2d at 21. *Gilliam* has nothing to do with our case.

In sum, when presented with the facts of *Rohauer*, Judge Friendly wrote on a precedent-free slate. He did not, however, look only to the statute. He carefully examined the 1909 Act's legislative history as well as its language in determining that the "force or validity" clause of section 7 "ha[d] no bearing" on the problem there presented. *Rohauer*, 551 F.2d at 488, 490. That is, he concluded that the statutory language had not been designed to address the competing copyrights situation presented by *Rohauer*.[4]

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[4] Abend nevertheless contends that the defendants' rerelease of "Rear Window" does impair the "force or validity" of Abend's renewal copyright in the underlying story in violation of section 7. The majority, in finding *Miller Music* dispositive, chose not to decide "whether or how section 7's "force or validity" clause" is implicated by the present case. *See* majority opinion at page 15493-15494 n.8 [App. 20 n.8]. I agree with Judge Friendly's analysis, which applies equally here, that section 7 was not written to address the situation presented by *Rohauer*. *See Rohauer*, 551 F.2d at 488-490.

Having found nothing in precedent or legislative history dictating a finding of infringement, Judge Friendly next looked to policy considerations in determining what Congress would have wanted when faced with the problem of competing copyrights. *Rohauer*, 551 F.2d at 493. *See also id.* at 486 ("A court must grope to ascertain what would have been the thought of the 1909 Congress on an issue about which it almost certainly never thought at all."). He decided that it would be "more in keeping with the letter and purposes of the [1909 Act]" not to limit exhibition of the derivative work. *Rohauer*, 551 F.2d at 486. Judge Friendly reasoned that makers of derivative works, unlike licensees who merely print or distribute an unchanged underlying work, make their own creative contributions, of the type Congress sought to protect under copyright law. *Id.* at 493. This factor augurs in favor of allowing the derivative copyright holder to continue exhibiting his work.

Creative contributions by the defendants to the movie "Rear Window" abound. The movie added a love interest not present in the story. And of course the lighting, acting, staging, as well as substantial script adaptations from the basic story, all originated with the film. In short, the film is a new work of art. Faced with substantially the same question which was presented in *Rohauer*, there is no reason to depart from its holding. Its reasoning is sound, its precedent is firm, and I see no logic in creating a split of authority in the circuits on this matter of national concern.

The majority states the defendants lost their right to exploit "Rear Window" without Abend's consent, or at least without letting him share in the proceeds from the

exploitation, because Woolrich died prior to assigning his renewal rights. I do not agree. In my view, what the defendants lost when Woolrich died before commencement of the renewal term and assignment of his renewal rights was *not* the right to continue to display their separately copyrighted movie. Rather, they lost the right to create a new movie – indeed to create any new work using Woolrich's story. It seems to me this view reads the 1909 Act plainly and gives due weight to *Rohauer, Miller, Russell, Ricordi,* and *Gilliam.*

Contrary to the majority's suggestion, the holding of *Rohauer* does not deny authors of underlying works or their successors a "second chance" to reap benefits from their own works. *See* majority opinion at page 15501 [App. 29]. Abend is free to republish "It Had To Be Murder," authorize a new movie, television or theatrical productions, create book cassettes and otherwise capitalize on the success of "Rear Window" in any manner so long as he does not infringe upon the new matter contained in that movie. *See G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469, 472 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).

Because I believe the defendants should prevail on their *Rohauer* defense, I would not get to the issue of remedies. the majority suggests the parties should share the profits from "Rear Window." It reaches this conclusion apparently because it recognizes the unjust result of its holding that Abend, who invested not one dime in creating the movie, should now have some rights to it. This "share-the-wealth" concept offends my sense of justice. I don't see why Abend should be permitted to squeeze the defendants for money generated by a movie

which they created, in which they risked their capital, and to which they committed their substantial talents. Granted, the defendants used Woolrich's story. But they paid him for it, and he agreed to assign his renewal rights in the story to them. Now, because of the quirk of fate that Woolrich died before the renewal term of the copyright in the underlying story, Abend, according to the majority, is entitled to a portion of "Rear Window's" profits. It just doesn't make sense.

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SHELDON ABEND, doing business as AUTHORS RESEARCH COMPANY, Plaintiff, vs. MCA, INC., a corporation, UNIVERSAL FILM EXCHANGE, INC., a corporation, JAMES STEWART and PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, both as Executors of the Estate of Alfred Hitchcock and as Trustees of the Assets of the Estate of Alfred Hitchcock, Defendants.	Case No. CV-84-2489 AAH (JRx) SUMMARY JUDGMENT RE FAIR USE DEFENSE

(Filed Mar 23, 1987)
(Entered Mar 27, 1987)

The motion of defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, for summary judgment based on the defendants' "fair use" affirmative defense, came on for hearing on December 15, 1986, United States District Judge A. Andrew Hauk, presiding. Louis P. Petrich and Gary L. Swingle of Leopold, Petrich & Smith, A Professional Corporation, appeared for said defendants; James P. Tierney and Peter J. Anderson of the Law Offices of James P. Tierney appeared for plaintiff Sheldon Abend.

The Court, having granted the defendants' Motion of Summary Judgment:

IT IS ORDERED, AND ADJUDGED that:

1. Plaintiff take nothing by his Complaint against MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, or any of them, and that the action is dismissed on the merits in its entirety;

2. Defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, shall recover their costs of action against plaintiff Sheldon Abend in the sum of $___.

Dated: 3-23-87

/s/ A. Andrew Hauk
United States District Judge

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SHELDON ABEND, doing business as AUTHORS RESEARCH COMPANY, Plaintiff, vs. MCA, INC., a corporation, UNIVERSAL FILM EXCHANGE, INC., a corporation, JAMES STEWART and PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, both ~~as~~ Executors of the Estate of Alfred Hitchcock and as Trustees of the Assets of the Estate of Alfred Hitchcock, Defendants.	Case No. CV-84-2489 AAH (JRx) SUMMARY JUDGMENT

(Filed Mar 23, 1987)
(Entered Mar 27, 1987)

The motion of defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, for summary judgment based on the ruling in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977), came on for hearing on March 23, 1987, United States District Judge A. Andrew Hauk, presiding. Louis P. Petrich and Gary L. Swingle of Leopold, Petrich & Smith, A Professional Corporation, appeared for said defendants; James P. Tierney and Peter J. Anderson of the Law Offices of James P. Tierney appeared for plaintiff Sheldon Abend.

The Court having found that there are no genuine issues of material fact and having determined the matters in Rule 56(c) and Local Rule 7.14.3 and having determined that the moving party is entitled to judgment on its motion herein,

The Court, having granted the defendants' Motion of Summary Judgment:

IT IS ORDERED, AND ADJUDGED that:

1. Plaintiff take nothing by his Complaint against MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, or any of them, and that the action is dismissed on the merits in its entirety;

2. Defendants MCA Inc., Universal Film Exchanges, Inc., James Stewart, and Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the Second (Residuary)

Trust under the last Will of Alfred J. Hitchcock, shall recover their costs of action against plaintiff Sheldon Abend in the sum of $___.

Dated: 3/23/87

/s/ A. Andrew Hauk
United States District Judge

CONSTITUTIONAL PROVISIONS, STATUTES, AND RULES INVOLVED

Article I, section 8 of the Constitution provides that:

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The First Amendment to the Constitution provides that:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

THE COPYRIGHT ACT OF 1909

Sec. 7. Copyright on Compilations of Works in Public Domain or of Copyrighted Works; Subsisting Copyrights Not Affected

Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title; but the publication of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply

an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

Sec. 24. Duration; Renewal and Extension

The copyright secured by this title shall endure for twenty-eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of

twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication.

THE COPYRIGHT ACT OF 1976

Sec. 103. Subject Matter of Copyright: Compilations and Derivative Works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Sec. 107. Limitations on Exclusive Rights: Fair Use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include–

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

. . . .

Sec. 203. Termination of Transfers and Licenses Granted by the Author

(a) Conditions for Termination. In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on

or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of owners of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) Effect of Termination. Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests under clauses (1) and (2) of subsection (a), including those owners who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such

further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

Sec. 302. Duration of Copyright: Works Created on or after January 1, 1978

(a) In General. Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures

for a term consisting of the life of the author and fifty years after the author's death.

(b) Joint Works. In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and fifty years after such last surviving author's death.

(c) Anonymous Works, Pseudonymous Works, and Works Made for Hire. In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of seventy-five years from the year of its first publication, or a term of one hundred years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed in the records of a registration made for that work under subsections (a) or (d) of section 408, or in the records provided by this subsection, the copyright in the work endures for the term specified by subsection (a) or (b), based on the life of the authors or authors whose identity has been revealed. Any person having an interest in the copyright in an anonymous or pseudonymous work may at any time record, in records to be maintained by the Copyright Office for that purpose, a statement identifying one or more authors of the work; the statement shall also identify the person filing it, the nature of that person's interest, the source of the information recorded, and the particular work affected, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation.

(d) Records Relating to Death of Authors. Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

(e) Presumption as to Author's Death. After a period of seventy-five years from the year of first publication of a work, or a period of one hundred years from the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than fifty years before, is entitled to the benefit of a presumption that the author has been dead for at least fifty years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.

Sec. 304. Duration of Copyright: Subsisting Copyrights

(a) Copyrights in Their First Term on January 1, 1978. Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for twenty-eight years from the date it was originally secured: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration

of the original term of copyright: *And provided further,* That in default of the registration of such application for renewal and extension, the copyright in any work shall terminate at the expiration of twenty-eight years from the date copyright was originally secured.

(b) Copyrights in Their Renewal Term or Registered for Renewal Before January 1, 1978. The duration of any copyright, the renewal term of which is subsisting at any time between December 31, 1976, and December 31, 1977, inclusive, or for which renewal registration is made between December 31, 1976, and December 31, 1977, inclusive, is extended to endure for a term of seventy-five years from the date copyright was originally secured.

(c) Termination of Transfers and Licenses Covering Extended Renewal Term. In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by the second proviso of subsection (a) of this section, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by a person or persons other than the author, termination of the grant may be effected by the surviving person or persons who executed it. In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's

share in the ownership of the renewal copyright, by the author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later.

(4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee's successor in title. In the case of a grant executed by a person or persons other than the author, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a grant executed by one or more of the authors of the work, the notice as to any one author's share shall be signed by that author or his or her duly authorized agent or, if that author is dead, by the number and proportion of the owners of his or her termination interest required under clauses (1) and (2) of this subsection, or by their duly authorized agents.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(6) In the case of a grant executed by a person or persons other than the author, all rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to all of those entitled to

terminate the grant under clause (1) of this subsection. In the case of a grant executed by one or more of the authors of the work, all of a particular author's rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to that author or, if that author is dead, to the persons owning his or her termination interest under clause (2) of this subsection, including those owners who did not join in signing the notice of termination under clause (4) of this subsection. In all cases the reversion of rights is subject to the following limitations:

(A) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(B) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of this subsection.

(C) Where the author's rights revert to two or more persons under clause (2) of this subsection, they shall vest in those persons in the proportionate shares provided by that clause. In such a case, and subject to the provisions of subclause (D) of this clause, a further grant, or agreement to make a further grant, of a particular author's share with respect to any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right

has vested under this clause, as are required to terminate the grant under clause (2) of this subsection. Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under this subclause, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this subclause.

(D) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection, or between the persons provided by subclause (c) of this clause, and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.

(E) Termination of a grant under this subsection affects only those rights covered by the grant that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(F) Unless and until termination is effected under this subsection, he grant, if it does not provide otherwise, continues in effect for the remainder of the extended renewal term.

. . . .

Sec. 504. Remedies for Infringement: Damages and Profits

(a) In General. Except as otherwise provided by this title, an infringer of copyright is liable for either–

(1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or

(2) statutory damages, as provided by subsection (c).

(b) Actual Damages and Profits. The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

(c) Statutory Damages.

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are

liable jointly and severally, in a sum of not less than $250 or more than $10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $50,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less than $100. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

Sec. 505. Remedies for Infringement: Costs and Attorney's Fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

EXCERPTS OF WOOLRICH ASSIGNMENT

AGREEMENT made this 16th day of May, 1945 between CORNELL WOOLRICH (whose pseudonym is William Irish), hereinafter called the AUTHOR and/or the SELLER, and B. G. DE SYLVA PRODUCTIONS, INC., a California corporation, hereinafter called the PURCHASER.

W I T N E S S E T H:

FIRST:

The Author hereby warrants:

(a) That he is the sole author of the following six (6) stories:

AFTER DINNER STORY
AN APPLE A DAY
REAR WINDOW
MURDER STORY
MANIHUAKA
THE NIGHT REVEALS

each of which stories is wholly original with him, has not been copied in whole or in part from any other work, and has never been published in any form except as hereinafter set forth;

. . . .

THIRD:

The Seller hereby grants and assigns to the Purchaser all the motion picture rights throughout the world in and to and in connection with said stories and each of them; together with the sole and exclusive rights; to use, adapt,

translate, subtract from, add to and change said stories or any of them and the titles thereof or any of them in the making of motion picture photoplays and/or as a part of or in conjunction with any other work or works in the making of motion picture photoplays; to combine said stories or any of them with any other work or works in the making of motion picture photoplays; to use said titles and any similar titles and any or all of the characters of said stories or any of them in conjunction with motion photoplays based upon said stories or any of them and/or other literary, dramatic and/or dramatico – musical works and/or in conjunction with musical compositions, whether or not written for, or used in or in connection with, any such motion picture photoplays; and to project, transmit, exhibit and otherwise reproduce said stories or any of them pictorially and audibly by the art of cinematography or any process analogous thereto, or by television or any process of transmission now known or hereafter to be devised, and also including the right to copyright, vend, license and exhibit such motion picture photoplays throughout the world; together with the further sole and exclusive rights, by mechanical and electrical means, to record, reproduce and transmit sound, including spoken words, dialogue, music and songs whether extracted from said stories or any of them or otherwise, and to change such dialogue if extracted from said stories or any of them and to interpolate other dialogue, music and songs, in or in connection with or as part of the production, reproduction, transmission, exhibition and presentation of such motion picture photoplays; and also including the right to make, use, license

and vend any and all records or other devices required or desired for any such purpose.

. . . .

SIXTH:

The Seller agrees that he will not publish or permit the publication of said stories or any of them in any form unless the same shall be duly copyrighted in the United States of America and duly registered for copyright in the Copyright Office of the United States of America, and, immediately upon such publication and registration, to assign, or procure the assignment of, to the Purchaser, the rights herein granted in and to said stories and each of them, as published and copyrighted and registered for copyright.

SEVENTH:

The Seller hereby agrees that he will, prior to the expiration of any copyright or copyrights in said stories or any of them (as the same may be extended), renew or extend or procure the renewal or extension of any such copyright or copyrights, and will convey, grant and assign to said Purchaser, the rights herein conveyed, granted and assigned for such renewal or extended term. The Seller hereby irrevocably appoints the Purchaser as his attorney-in-fact to execute, deliver and record, on his behalf and in his name or otherwise, any and all documents necessary or proper to secure the renewal or extension of any such copyright or copyrights and all rights

therein and thereto for the term of such renewal or extension, and to execute, deliver and record, on behalf of the Seller and in the Seller's name or otherwise, any and all assignments and other documents necessary or proper to convey, grant and assign to the Purchaser, for the term of such renewal or extension, the rights hereby conveyed, granted or assigned to the Purchaser. The Seller agrees that, in the event that the present Copyright Law of the United States of America, of if any other country where said stories are or may hereafter be protected by copyright, shall be amended or changed or a new Copyright Law enacted, so that the term of copyright is extended or enlarged, the Purchaser shall forthwith and automatically become entitled to all rights hereby conveyed, granted and assigned to the Purchaser for such extended or enlarged term.

EIGHTH:

The Seller hereby agrees that he will execute and deliver to the Purchaser, and to provide the Purchaser with, any and all further documents necessary or proper to evidence or secure to the Purchaser the rights herein granted and to perfect the record thereof.

. . . .

TENTH:

The Author hereby grants to the Purchaser the right to use, and to license, cause or permit others to use, his name in connection with any use, version or adaptation which the Purchaser may make of said stories or any of

them, or in connection with the advertising or publicity thereof, whether or not the same shall be substantially based upon said stories or any of them. The Author agrees that the Purchaser shall not be required to announce the name of the Author on or in connection with any advertising or publicity issued by the Purchaser in connection with any such use, version or adaptation, whether or not the Purchaser shall elect to announce in any such advertising or publicity the name or names of the author or authors of the screen play or other version or adaptation thereof. The Purchaser agrees, however, to announce on the film of any motion picture photoplay that may be produced by it and adapted from the said stories or any of them, substantially incorporating the plot, theme, characterizations, motive and treatment of the said stories or any of them, that said motion picture photoplay is based upon or adapted from or suggested by the stories or any of them written by the Author, or words to that effect, and, if the Purchaser shall so elect, upon such other material as may be incorporated in any such motion picture photoplay, with or without the names of the authors of such other material.

ELEVENTH:

In full consideration for the rights herein granted and agreed to be granted and the undertakings and warranties made on the part of the Seller, the Purchaser agrees to pay to Jules C. Goldstone Agency, as Agent for the Seller, and the Seller hereby agrees to accept, upon the execution and delivery hereof, the sum of Nine Thousand Two Hundred and Fifty Dollars ($9,250), receipt whereof is hereby acknowledged.

TWELFTH:

This agreement shall bind and enure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns, and the rights herein granted may be freely assigned in whole or in part by the Purchaser, its successors and assigns.

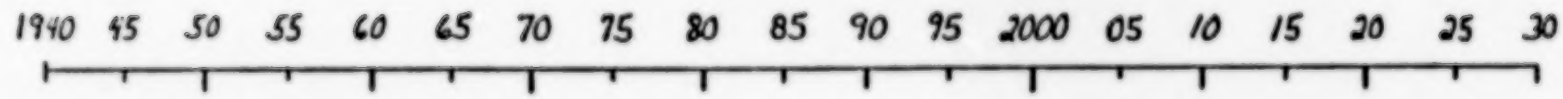
IN WITNESS WHEREOF, the Author has signed and sealed this instrument, and the Purchaser has caused this instrument to be signed by its duly authorized officers and its corporate seals to be hereunto affirmed, the day and year first above written.

/s/ Cornell Woolrich

B. G. De SYLVA PRODUCTIONS, INC.

By /s/ Vice President

TIME LINE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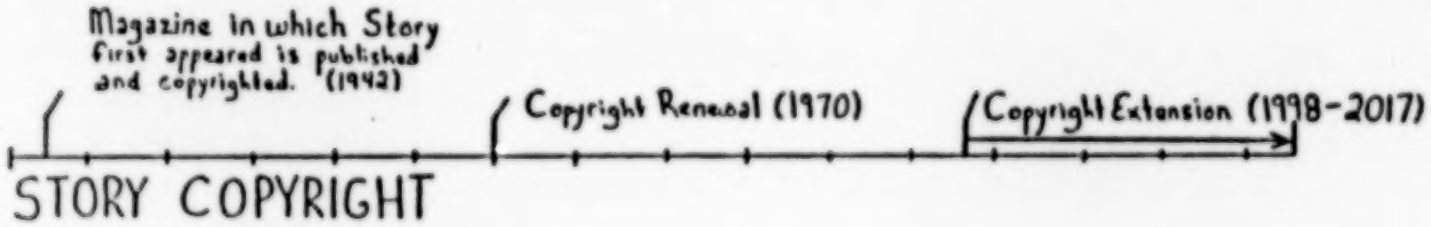
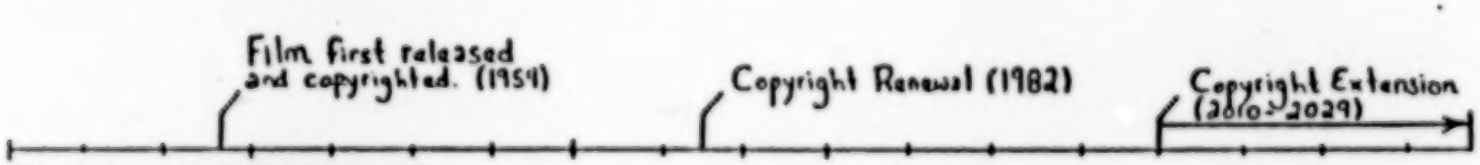
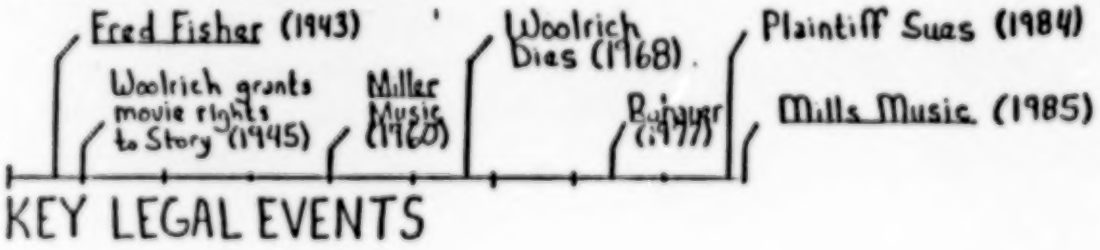
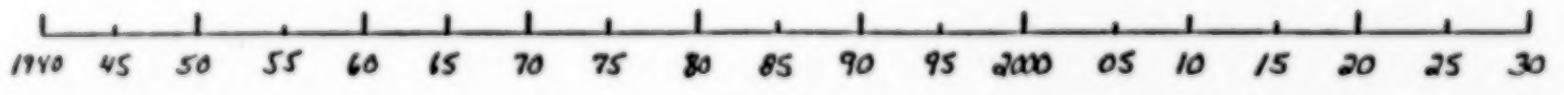

Magazine in which Story first appeared is published and copyrighted. (1942)
Copyright Renewal (1970)
Copyright Extension (1998-2017)
STORY COPYRIGHT


Film first released and copyrighted. (1954)
Copyright Renewal (1982)
Copyright Extension (2010-2029)
FILM COPYRIGHT


Fred Fisher (1943)
Woolrich grants movie rights to Story (1945)
Miller Music (1960)
Woolrich Dies (1968)
Bajauer (1977)
Plaintiff Sues (1984)
Mills Music (1985)
KEY LEGAL EVENTS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Excerpt from Oral Argument before Ninth Circuit in *ABEND v. MCA* re Fair Use

By Petrich:

The effect of [the *Rohauer* rule on the statutory successor] is so minor. The *Rohauer* . . . , I'm sorry, . . . the underlying owner, can still go out and make his own motion pictures or license them. Here, he [Abend] tried to have HBO do a movie for television. *He,* I think, *misstates what happened there.* HBO went out, authorized – commissioned – a script and then abandoned the project. *He said in his brief* that that was because of us. The absolute *testimony* on that is that they gave it up *for other reasons* and *it is not hard to figure out when you compare the underlying work with our movie.* Anybody who has seen our movie and seen Grace Kelly and has seen the work by Hitchcock and the work by Stewart is going to be very disappointed when they go back and read the underlying work because the underlying work is a very dark, dreary thing and doesn't have a love interest like Grace Kelly and it doesn't have some of the other characters that we do and it doesn't have the dialogue our movie does. And so, when he goes out and licenses [interrupted by new question by court] . . . (Emphasis added).

Supreme Court, U.S.
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No. 88-2102

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED H. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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August 1989

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COUNTER-STATEMENT OF QUESTIONS PRESENTED

As discussed below, the petition for a writ of certiorari should be denied because there is no direct conflict between the decision of the United States Court of Appeals for the Ninth Circuit in *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1989) and the decision of the Court of Appeals for the Second Circuit in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1976), *cert. denied*, 431 U.S. 949 (1977). *Abend* and *Rohauer* are distinguishable on their facts. Unlike *Rohauer*, in *Abend* the material protected by a renewal copyright was repeatedly copied and then commercially exploited in theaters and the new home videocassette market. In light of the adverse criticism of *Rohauer* and the subsequent enactment of the Copyright Act of 1976, the Court of Appeals for the Second Circuit is unlikely to extend *Rohauer*, which it has already referred to as a "minor" "aberration" in the law of that Circuit,[1] to unauthorized commercial use of copyrighted material. Unless and until the Second Circuit, or any other Court, extends *Rohauer* to facts such as those present in *Abend*, review by certiorari would be premature. Further, petitioners' alternative argument that the fair use defense excuses the unauthorized commercial exploitation of a copyrighted fictional work in competition with its owner, has never been adopted by any Court, was properly and unanimously rejected by the Court in *Abend*, and is frivolous.

---

[1] *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir. 1981).

COUNTER-STATEMENT OF QUESTIONS PRESENTED (continued)

Accordingly, review by writ of certiorari is unnecessary and, at best, premature. However, pursuant to Rules 22.1 and 34.2 of this Court's Rules, respondent submits the following counter-statement of the questions presented by petitioners' petition.

1. Whether this Court should abandon a century of law and established practices, and create a rule providing that a derivative copyright protects more than the matter added to an underlying work and, instead, also grants the owners of all derivative works new property rights in the underlying copyrighted materials, enabling them to commercially exploit, copy, publish and perform the underlying materials without the consent of the owners of the renewal copyrights in those materials?

2. Whether certain termination provisions of the Copyright Act of 1976 which Congress purposefully made inapplicable to works prepared before 1978, may be invoked to create, "by analogy," a judicial rule that a derivative copyright creates ownership rights in underlying copyrighted materials, despite the fact that (1) an express provision of the Copyright Act of 1976 precludes such a result; and (2) Congress refused to extend the termination provisions to the renewal copyrights of works in existence before 1978?

3. In light of the established law that a derivative copyright does not grant rights in the underlying copyright and that an author may not convey his successor's contingent interest in a renewal copyright, whether the fair use defense should be expanded beyond its statutory

COUNTER-STATEMENT OF QUESTIONS PRESENTED (continued)

limitations to provide motion picture producers with free licenses to commercially exploit the whole of fictional literary works protected by valid renewal copyrights, directly interfering and in competition with the rights of the owners of the renewal copyrights in the fictional works?

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No. 88-2102

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED H. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Respondent Sheldon Abend respectfully submits this Brief in Opposition to the petition for writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

STATEMENT OF THE CASE

1. The Copyright Act of 1909 and the Principles and Practices Associated with the Two-Term System of Copyright.

The result in *Abend* flows inexorably from a basic axiom of copyright law, the statutes, and the decisions of this Court. *Abend* is merely a reaffirmation of a well-established rule of law that has long been recognized, without challenge, by the motion picture industry since the inception of the Copyright Act of 1909 (the "1909 Act").

Section 24 of the 1909 Act provided for an initial and renewal term of copyright of 28 years each, and this two-term scheme is preserved under the Copyright Act of 1976 (the "1976 Act") as to works created before 1978. If an author survives to the 28th year of the original copyright term, he or she may then claim a second, "renewal" copyright in the work. If the author does not survive to the 28th year, the right to claim the renewal copyright vests in the author's statutory successors, namely the author's surviving spouse and children, if any, or the author's executor if the author died testate, or the author's next of kin. Congress granted a renewal copyright because "[i]t not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum." H.R. Rep. No. 60-2222, 60th Cong., 2d Sess., p.14 (1909). The renewal copyright allows authors or their successors a second opportunity to control the work free of contracts made when the author was "in a poor bargaining postion" because copyrighted

material, "unlike real property and other forms of personal property, is by its very nature incapable of accurate monetary evaluation prior to its exploitation." 2 M. Nimmer, *Nimmer on Copyright*, §9.02 at 9-23 to 9-24 [Professor Nimmer's treatise is hereinafter cited as "___ *Nimmer on Copyright* ___"].[2] The renewal copyright also provided protection to the author's family, estate or next of kin, by acting as a "compulsory bequest of the copyright" to the designated statutory successors. *DeSylva v. Ballentine*, 351 U.S. 570, 584 (1956).

Although an author could, as a matter of contract law, agree to convey both the initial copyright and the renewal copyright he might live to obtain, *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943), his agreement to convey the renewal copyright is ineffective if he dies before the right to renew vests in him. Since the deceased author's statutory successors are not bound by the author's first term contracts, continued use of the material protected by their independent renewal copyright without their consent constitutes infringement. These principles have been accepted and relied upon throughout this century.[3] From the inception of the 1909

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[2] Prior to his death in 1985, Professor Nimmer was co-counsel for respondent in the action filed in the District Court.

[3] *See, e.g., Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) [Author's assignment of rights in renewal copyright completely unenforceable as to author's executor who obtained renewal copyright after author's death]; *DeSylva*, 351 U.S. 570, 582 (1956) ["(A)uthor cannot assign his family's renewal rights. . . ."]; *M. Witmark & Sons v. Fred Fisher Music Co.*, 125 F.2d 949, 950 (2d Cir. 1942) and at 38 F.Supp. 72, 74

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Act it was also universally understood that an author's agreement that a motion picture version of his work could be distributed in theatres during the renewal term would be rendered "worthless" if the author died before renewal. Frolich & Schwartz, *The Law of Motion Pictures*, 549 (1918). Although a motion picture is produced pursuant to an author's grant of rights in the original *and* renewal copyrights of the underlying literary material, the deceased author's statutory successors "could even proceed against the original grantee as an infringer, if distribution and exhibition of the picture were continued

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(S.D.N.Y. 1941) [If author had died before obtaining renewal copyright, his agreement to convey rights in renewal copyright would be ineffective]; *Fox Film Corp. v. Knowles*, 261 U.S. 326 (1923) [Deceased author's executor entitled to claim renewal copyright]; *Abend*, 863 F.2d 1465, 1476, *quoting Legislative History of the 1909 Copyright Act* K77 (E. Brylawski and A. Goldman, Eds. 1976); Amdur, *Copyright Law and Practice*, 541, 555 (1936); H.G. Ball, *Law of Copyright and Literary Property*, 197 (1944); Z. Chafee, *Reflections on Copyright Law: II*, 45 Colum. L. Rev. 719, 723, 726 (1945) [Despite purchase of author's rights in renewal copyright, "(e)verything depends on whether the author lives through the first term . . . . No matter what the author signs, he cannot cut off his widow's right to renew . . . . (T)he 1909 Act gives a posthumous veto power to the surviving relatives, ..."]; S.J. Brown, *Renewal Rights in Copyright*, 28 Cornell L. Q. 460, 470 (1943) ["obtaining the renewal term is a highly speculative venture at its best . . . ."]; Spring, *Risks and Rights in Publishing, Television, Radio, Motion Pictures, Advertising, and the Theater*, 95 (1952); Note, *Copyright Renewal*, 10 Air L. Rev. 198, 198-201 (1941); Note, *Copyright Renewal Rights*, 15 S. Cal. L. Rev. 108, 109-10 (1941); Note, *Right of Author to Assign Renewal Rights*, 17 Temp. L. Q. 299, 301 (1943); Note, *Assignment of Author's Renewal Interest*, 18 Ind. L. J. 318, 319 n. 18 (1943).

after renewal, ..." R. DeWolf, *An Outline of Copyright Law*, 128-29 (1925). This conclusion followed directly from the axiom that no one may exploit, copy or otherwise use material protected by a copyright unless either (1) they have a valid license from the owner of the copyright in the material, or (2) they own an interest in the copyrighted material. 1 *Nimmer on Copyright*, §3.07[A] at 3-23 to 3-24. Since the deceased author's consent is ineffective and since a derivative copyright in, *e.g.*, a motion picture only attaches to the additions to the underlying work, unauthorized theatrical re-release of a movie version of the literary work in the renewal term constitutes infringement of the statutory successor's renewal copyright.

This principle, which is the holding in *Abend*, was accepted without challenge by the motion picture industry since at least 1918. *See* Frolich & Schwartz and DeWolf, *supra*. In fact, in 1955 petitioner MCA, Inc.'s own in house counsel unqualifiably declared his and the industry's view:

> "If a motion picture company buys from an author all rights in a novel, it may validly copyright the motion picture photoplay in its own name and renew that copyright at the appropriate time. But if the author dies prior to time for renewal of the basic work, the widow may renew this copyright and thus deprive the company of any rights to continue to release the photoplay during the renewal term of the basic work."

S. Bricker ["Studio attorney, Universal Pictures Company, Inc."], *Renewal and Extension of Copyright*, 29 S. Cal. L.

Rev. 23, 43 (1955).[4] It is therefore beyond good faith dispute that "the prevailing understanding of the 1909 Act was that the owners of renewal rights in a copyrighted work might exercise a veto power over continued performance of a derivative work that had been created under a first-term grant." *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 (1985) (White, J., dissenting).

The motion picture industry, doing business in the context of these well-established principles, simply accepted the risk that renewal rights might not vest in the author and adjusted the price paid for the author's grant of rights downward to reflect this risk. In those instances where the author did not survive to renew, the motion picture producer negotiated a new license with the author's statutory successors. Of course, the statutory successor had a "veto power" over continued exhibition of a movie; on the other hand, however, the statutory successor could not force the movie's owner to distribute the movie. Therefore, the deceased author's statutory successor has a powerful incentive to provide the film's owner with sufficient profit to agree to distribute the film

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[4] *Accord*, Studies Prepared for the Subcomm. on Patents, Trademarks and Copyrights, Comm. on the Judiciary, U.S. Sen., 86 Cong., 1st Sess., Study No. 31, *Renewal of Copyright*, B. A. Ringer (June 1960) at 169-70; *Nimmer on Copyright*, § 45.1, at 177 (1963); E. Fulton Brylawski, *Renewal of Copyright in a Magazine Contribution: A Belated View*, 42 Geo. Wash. L. Rev. 737, 737 (1974). In short, the "commentators" who interpreted the law consistent with *Abend*, *see* petition at p.19, included not only the United States Register of Copyrights, Professor Nimmer and E. Fulton Brylawski, but also petitioner MCA, Inc.'s in house counsel.

for their mutual gain.[5] The 1909 Act merely ensured that the author's statutory successor would participate in the profits received when a work proved "to be a great success and lives beyond the term of twenty-eight years,. . . ." H.R. Rep. No. 2222, at 14.

2. The Copyright Act of 1976 and Congress' Creation of a Prospective Limitation on the Scope of the Termination Right While Re-Codifying the Rule that A Derivative Copyright does not Convey Rights in the Basic Copyright.

The 1976 Act continues the preexisting renewal scheme for works in existence before 1978, but provides that the copyrights in works created after January 1, 1978, endure for a single term. In lieu of a separate renewal copyright, Congress provided the author and his statutory successors with a right to terminate grants or

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[5] Before *Rohauer*, new licenses with authors' statutory successors allowed continued distribution of such films as "My Fair Lady," "The Sound of Music," "Gone with the Wind," and "Doctor Zhivago." Melniker & Melniker, *Termination of Transfers and Licenses Under the New Copyright Law*, 22 N. Y. L. Sch. L. Rev. 589, 612-13, n.118 (1977); *Trust Co. Bank v. MGM/UA Entertainment Co.*, 593 F.Supp. 580, 584 (N.D. Ga. 1984). *See, also* I. Karp, *From Roth to Rohauer: Twenty Years of Amicus Briefs*, 25 Bull. Copyright Soc'y U.S.A. 1, 16 (1977) ["(T)he motion picture industry for decades has interpreted the renewal clause as requiring a motion picture company to obtain a new license to exhibit a film based on a book or play, when the copyright is renewed by the author's surviving family. And countless such licenses have been granted."].

licenses after 35 years.[6] These termination provisions were approved after an "accommodation" had been reached among the Register of Copyrights and those representing authors and motion picture studios. H.R. Rep. No. 83, 90th Cong., 1st Sess. 90 (1967). The Register of Copyrights and representatives of authors succeeded in extending the right of termination to an author who survived as well as a deceased author's statutory successors, thus prospectively departing from *Fred Fisher Music Co.* The Motion Picture Association of America, a movie industry trade organization of the major motion picture studios and including petitioner MCA, Inc., won a limitation on the scope of the right of termination to exclude termination of the contractual right to continue distributing a derivative work.[7] The movie industry recognized that this exception was a departure from the 1909 Act's rule that renewal by a deceased author's statutory successor prevented any further distribution of a movie without the successor's consent, and conceded that

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[6] The right to terminate earlier grants reflected Congress' continued concern that:

> "A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited."

H. R. Rep. No. 94-1476, at 124.

[7] *See,* Note, *Rohauer v. Killiam Shows, Inc. and the Derivative Work Exception to the Termination Right,* 52 S. Cal. L. Rev. 635, 645 (1979); Supp. Rep. of Reg. of Copyrights on Gen. Rev. of U.S. Copyright Law, pt. 6, at 71-72, 76; I. Karp, *Copyright Ownership, Transfer and Termination; Exemption and Fair Use,* 13 Bull. Copyright Soc'y U.S.A. 31, 34 (1965); H. Rep. on the Copyright Act of 1976, 94th Cong., 2d Sess., No. 1476, at p.47.

retroactive application of the exception would be improper. Copyright L. Rev., pt. 5, at 307 (Jan. 26, 1965) ["We appreciate that as to subsisting copyrights . . . you have felt that the present renewal system . . . might require preservation"]; Note, *Rohauer,* 52 S. Cal. L. Rev. 635, 645-46; F. Curtis, *Protecting Authors in Copyright Transfers: Revision Bill Section 203 and the Alternatives,* 72 Colum. L. Rev. 799, 823 (1972).[8] Congress specifically declined to apply the derivative works exception of the new termination provisions retroactively, or otherwise alter renewal rights as to existing works. H. Rep. No. 94-1476, at 139; Note, *Rohauer,* 52 S. Cal. L. Rev. 635, 646; Note, *Derivative Copyright and the 1909 Act – New Clarity or Confusion ?,* 44 Brooklyn L. Rev. 905, 930-31 (1978).

Finally, in the 1976 Act Congress also recodified the rule[9] that the "copyright in a . . . derivative work extends

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[8] In fact, the MPAA won the new derivative works exception by specifically arguing that in our modern "era when authors are represented by associations, guilds, agents, lawyers, tax advisors and investment counselors" the renewal rights scheme was outdated. *Memo. Stmt., Copyright Comm. of Motion Picture Association of America, on H.R. 4347,* Before the Comm. on the Judiciary, H. Rep., Subcomm. No. 3, 89th Cong., 1st Sess., at 7 (1965). Petitioners' own lawyer argued that the 1909 Act's renewal scheme was based on "factors that may have existed in the entertainment industry 25, 30 and 50 years ago." Register of Copyrights, Copyright Law Revision, pt. 2, Discussion and Comments on Report on the General Revision of the Copyright Law, 88th Cong., 1st Sess., at 104-05. Thus, the MPAA's arguments conceded that the existing renewal scheme retained vitality and purpose as to grants that occurred, as here, in the first part of this century.

[9] Both the Second and Ninth Circuits have held that under the 1909 Act a derivative copyright attached only to the new

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only to the material contributed by the author of such work, . . . " and that the derivative copyright "does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material." 17 U.S.C. § 103(b). The derivative work exception to the termination right does not run afoul of Section 103 because Congress merely limited the scope of the power to terminate licenses and grants to exclude termination of the contractual right to continued distribution. That is, a movie can be distributed after termination only because the license to distribute is not within the sweep of the termination right, and not because the derivative copyright in the movie confers some type property right in the underlying copyrighted material.[10]

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matter added, and that a derivative copyright did not convey rights in the underlying copyrighted materials. *See, e.g., Gilliam v. American Broadcasting Co.*, 538 F.2d 14, 20 (2d Cir. 1976); *Filmvideo*, 668 F.2d 91, 92-93 (2d Cir. 1981); *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980).

[10] Petitioners are therefore incorrect when they state that the 1976 Act's termination provisions reach the "same result" as *Rohauer*. *See* petition at p.8, n.10. Under *Rohauer*, a derivative copyright confers new property rights in the underlying material allowing continued use of the material without the consent of the copyright owner. *Rohauer* thus allows a derivative copyright to adversely affect the "copyright protection in the preexisting material" by transforming the renewal copyright's exclusive right to exhibit, exploit and copy the preexisting material into a non-exclusive right shared with others who have no contractual or ownership interest in the renewal copyright. This result is irreconcilable with the express provisions of 17 U.S.C. Section 103(b). 1 *Nimmer on Copyright* § 3.07[A] at 3-31 to 3-32.

3. The Decision in *Abend*.

In *Abend*, the Ninth Circuit applied well-recognized principles in reversing the District Court's grant of summary judgment in petitioners' favor.

Cornell Woolrich was an American author who has been credited with creating the "noir" genre of suspense fiction in the 1940's. He was also the author of the story "Rear Window" (the "story"), which was first published in 1942.[11] In 1945, Cornell Woolrich granted the movie rights to six of his stories, including the Rear Window Story, for the flat sum of $9,250, and also agreed that, for no additional consideration, he would assign movie rights in any renewal copyrights he obtained. In 1954, Paramount Pictures produced the motion picture version of the Story,[12] which generated at least $7,880,000, or

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[11] The setting, characters, plot, events and theme of Woolrich's Rear Window Story are easily recognized by anyone who has seen the movie version: Confined to his apartment because of a broken leg, Hal Jeffries takes to observing the lives of his neighbors through his rear window. He begins to suspect that one of his neighbors, Lars Thorwald, has done away with his wife but Jeffries is unable to convince his police detective friend that Thorwald murdered his spouse, who is supposedly out of town. The suspense grows as Jeffries, confined to his apartment with his broken leg, tries to establish Mrs. Thorwald's death by calling and writing Mr. Thorwald to goad him into incriminating himself. Thorwald eventually realizes that Jeffries is his tormentor and attacks Jeffries, all but helpless in his cast, in Jeffries' apartment. Jeffries survives in the suspenseful climax just before his detective friend returns.

[12] The Film depicted Hal Jeffries, confined to his apartment with a broken leg, watching his "rear window neighbors"

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seven times its cost, for petitioners during the first term of the Story copyright.

Cornell Woolrich died in 1968, without surviving spouse or child, and the author's executor, Chase Manhattan Bank, timely renewed the copyright in the Story. The Bank subsequently assigned the renewal copyright to respondent in return for $650 plus 10% of all monies generated by sales of the Rear Window Story or otherwise flowing from the Story.

In 1984, petitioners embarked on a massive re-release of the Film throughout the United States. Petitioners made hundreds of thousands of new film and videotape copies of the Film, and thus the Story embodied in the Film, and publicly performed the new copies in theatres, over free, pay and cable television, and through videotape and videodisc sales and rentals.[13] Petitioners received over $12,000,000 in revenues from their national exploitation of the Story during the term of its renewal copyright alone. Petitioners' re-release of the Film in

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and becoming convinced that Lars Thorwald had murdered his wife. In an earlier lawsuit against him, Alfred Hitchcock testified that 20% of the Rear Window Film is directly derived from the Story, a contribution he obviously had an incentive to minimize.

[13] Petitioners made almost a million dollars worth of new 35-millimeter and 16-millimeter prints of the Film for theatrical exhibition and another $800,000 worth of videocassette and videodiscs of the Film for sale and rental. These thousands upon thousands of copies of the Film are also copies or new versions of the Story embodied in the Film. 2 *Nimmer on Copyright* 8-13.

direct competition with respondent also interfered with his ability to pursue new derivative works such as a Rear Window play.

The Court in *Abend* applied established law of *both* the Ninth and Second Circuits in concluding that petitioners' commercial exploitation of the Story embodied in the Film constituted infringement of the renewal copyright in the Story. Petitioners' derivative copyright did not convey any ownership rights in the material covered by the Story's renewal copyright. *Russell*, 612 F.2d 1123, 1128 (9th Cir.); *Gilliam* 538 F.2d 14, 20 (2d Cir.); *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir. 1951), *cert. denied* 342 U.S. 849.[14] Clearly, then, petitioners' derivative copyright did not convey the right, as a matter of copyright, to use or copy material protected by the Story's renewal copyright.

Neither did petitioners have a contractual right to use the material protected by the Story's renewal copyright: Cornell Woolrich's agreement to convey renewal rights was unenforceable as to his statutory successor who claimed the renewal copyright after his death. *See Miller Music Corp.*, 362 U.S. 373; *DeSylva*, 351 U.S. 570, 582, and authorities above at 3 n.3.[15]

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[14] *See, also, Filmvideo*, 668 F.2d 91, 92 (2d Cir.) ["Since 1909, the courts of this Circuit have held almost without exception that a derivative copyright is a good copyright only with regard to the original embellishments and additions it has made in the underlying work"], and cases cited therein; 1 *Nimmer on Copyright* § 3.07[A] at 3-28 to 3-29. This rule is recodified in the 1976 Act. 17 U.S.C. § 103(b).

[15] *Abend* presents a classic case where a second chance to benefit from uses of a literary work is appropriate. Cornell

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Since petitioners' derivative copyright in the Film does not confer an ownership interest in the Story, and since the deceased author's grant of renewal rights is ineffective because the renewal rights never vested in him, petitioners' unauthorized copying and commercial exploitation of the Story constitutes infringement. Of course, the principle that unauthorized theatrical distribution of a movie would infringe the renewal copyright obtained by a deceased author's statutory successor, dated back to the adoption of the 1909 Act and was universally recognized long before 1954, when petitioners made their Film. *See* above at 3-6 & n.4.

The Court in *Abend* met petitioners' spectre of deadlock between owners of movies and owners of the renewal copyrights in literary works, by noting that the issuance of injunctive relief is always discretionary. *Abend* found that petitioners may exhibit their movie but must simply pay a portion of their profits reflecting the portion of the Film's success attributable to its use of the Story. Thus, a movie studio that reaches an impasse in negotiating with a deceased author's statutory successor [16] need

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Woolrich granted the motion picture rights before the value of the Story was clear, and for a flat sum without a share in the revenue generated from exploitation of the Story. 2 *Nimmer on Copyright*, § 9.02 at 9-24.

[16] Although the possibility of a deadlock has been raised by petitioners, neither the behemoth MCA, Inc. or any of the nine major motion picture studios who filed *amicus curiae* briefs below, have proven a single instance of so-called "copyright death." Instead, they cited an unsubstantiated reference

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only file a declaratory relief action to establish the ability to re-release a movie and the portion of profits to be paid as compensation for the use of material covered by the renewal copyright.

Finally, the Ninth Circuit properly rejected petitioners' argument that the fair use doctrine applied to their commercial exploitation of the Story. Each and every factor described in 17 U.S.C. Section 107, cuts against the possible application of the fair use defense to the "commercial use of a fictional story that adversely affects the story owner's adaptation rights." *Abend*, 863 F.2d 1465, 1482.[17]

4. The Much Criticized *Rohauer* Decision.

The Court in *Abend* declined to apply the reasoning of a three-Judge panel of the Second Circuit in *Rohauer*, thus joining in the almost universal criticism of *Rohauer*'s "new property rights" theory.

In *Rohauer*, the owner of the derivative copyright in the movie "The Son of the Sheik" allowed a videotape of the movie to be broadcast over WNET, an educational

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in a law review article. The evidence below was undisputed that historically studios successfully negotiated with author's statutory successors.

[17] And since petitioners made their Film knowing full well that they would have to renegotiate with the author's statutory successors if the author did not live to renew, there is nothing "fair" about now giving petitioners the windfall of a free license they never bargained to receive. 1 *Nimmer on Copyright*, § 3.07[A] at 3-29.

television station.[18] The movie had been made in 1926 under the author's grant of movie rights in both the original and renewal term of copyright.[19] However, the author died in the first term of copyright and her daughter obtained the renewal copyright in the novel. *Rohauer* reversed the District Court's award of $2,250 to the author's daughter and licensee, finding that the two or three broadcasts did not amount to infringement under the 1909 Act.

Each and every aspect of *Rohauer*'s analysis has been extensively criticized as flawed. As noted above, it is axiomatic that a person may use copyrighted material only if (1) they have a license to use the material or (2) they own a right or interest in the copyright of the material. In *Rohauer*, the author's agreement that the motion picture version of her novel could be distributed during the renewal term was meaningless because she had not survived to claim the renewal copyright. *DeSylva*, 351 U.S. 570, 582; *Miller Music*, 362 U.S. 373, 375. Since the owner of the movie did not have the consent of the owner of the renewal copyright in the novel, the Court in *Rohauer* instead relied on a theory that the derivative

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[18] *Rohauer* noted that only one videotape had been made, and solely to facilitate the broadcast. 551 F.2d 484, 494-95 n.12. This would have been a "one-inch" studio tape, not the VHS or Beta formats that have became available to the public in the mid-1980's, a decade after *Rohauer*.

[19] The author of "Son of the Sheik" was paid $21,000 for the movie rights to her novel in 1925. 551 F.2d 484, 486. Thus, she received almost twenty times the consideration that was paid to Cornell Woolrich for the rights to the Rear Window Story twenty years later.

work conferred new property rights in the novel itself. The new property rights implied by *Rohauer* gave the movie's owner an ownership interest in the subject matter of the novel, entitling the movie's owner to use the novel without the consent of the proprietor of the novel's renewal copyright.

However, this new property rights theory is "plainly wrong." 1 *Nimmer on Copyright* 3.07[A] at 3-31. The Courts of Appeals, including the Second Circuit, have uniformly interpreted Section 7 of the 1909 Act as providing that a derivative copyright only attaches to the new matter added, and as prohibiting the derivative copyright from affecting the scope of the exclusive rights of the underlying copyright. *See, e.g., Gilliam*, 538 F.2d 14, 20; *Reyher v. Children's Television Workshop*, 533 F.2d 87 (2d Cir. 1976); *Russell*, 612 F.2d 1123, 1128. *Rohauer*'s rather selective reading of the legislative history in an attempt to sidestep Section 7, is simply incorrect. *Abend*, 863 F.2d 1465, 1476; 1 *Nimmer on Copyright*, § 3.07[A] at 3-28.1; M. Mimms, *Reversion and Derivative Works Under The Copyright Acts of 1909 and 1976*, 25 N. Y. L. Sch. L. Rev. 595, 608-09 (1980); Note, *Derivative Copyright*, 44 Brooklyn Review L. Rev. 905, 919-21. Even the principal advocate of *Rohauer*, who also happened to be counsel for Killiam Shows,[20] concedes the "weakness" in *Rohauer*'s analysis of the legislative history. P. Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights, and the*

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[20] It is noteworthy that this legislative history was published in a compilation released after the matter had been submitted in *Rohauer*, and therefore was not briefed by the parties. 551 F.2d 484, 488.

Public Interest, 28 UCLA L. Rev. 715, 791 (1981). *Rohauer*'s attempt to distinguish precedent has also been roundly criticized as unconvincing. *Abend*, 863 F.2d 1465, 1473-75; *Russell*, 612 F.2d 1123, 1128, n.16; 1 *Nimmer on Copyright*, § 3.07[A] at 3-28.1 to 3-29; Mimms, *supra*, 25 N. Y. L. Sch. L. Rev. 595, 610-13; Note, *Rohauer*, 52 S. Cal. Law Rev. 635, 658; Note, *Derivative Copyright*, 44 Brooklyn L. Rev. 905, 915-18.[21]

Rohauer's attempt to find support in the new derivative work exception under the 1976 Act has justly been criticized as retroactively changing the law by judicial fiat to deprive a renewal claimant of rights that Congress specifically intended would be preserved. *Abend*, 863 F.2d 1465, 1477-78; Note, *Rohauer*, 52 S. Cal. L. Rev. 635, 658-59; Note, *Derivative Copyright*, 44 Brooklyn L. Rev. 905, 930-31. Further, *Rohauer*'s analogy to the 1976 Act was unduly selective: *Rohauer* ignored Section 103(b) of the 1976 Act, which specifically precludes *Rohauer*'s new property rights theory by restating the rule that a derivative copyright does not convey any rights in the underlying material and may not affect the scope of the underlying copyright's ownership rights. 17 U.S.C. § 103(b); 1 *Nimmer on Copyright* at § 3.07[A] at 3-31 to 3-32.

In light of the foregoing, it is no wonder that the Register of Copyright termed *Rohauer* a surprise (Annual Report of the Register of Copyrights, 1977 at 22), and that

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[21] *Rohauer* never even attempted to distinguish the Second Circuits' cases recognizing the rule that a derivative copyright only attaches to the new matter added. *See Gilliam, Reyher, supra*.

the Second Circuit has confined *Rohauer* to the status of a "minor" "aberration" in that Circuit's law and refused to extend it to other fact situations. *Filmvideo*, 668 F.2d 91, 93.

SUMMARY OF ARGUMENT

Review by certiorari is unnecessary and premature. It is unnecessary because there is no conflict between *Abend* and *Rohauer* since they are readily distinguishable. In *Abend*, a case under the 1976 Act, petitioners made hundreds of thousands of new copies of the derivative work, and thus the underlying work, and reaped over $12,000,000 by exploiting the underlying work in theatres and over free, cable and pay television, and in the videocassette and videodisc markets. In *Rohauer*, a case under the 1909 Act and a decade before the advent of the home videocassette market, a single videotape of the derivative work was made solely to enable three broadcasts over public television. In short, *Rohauer* did not involve the copying and commercial exploitation of an underlying work embodied in a derivative work in theatres and in the new videocassette markets.

Supreme Court review would be premature because in the only instance where the Second Circuit even mentioned *Rohauer* again, the Second Circuit has narrowly construed *Rohauer* and reaffirmed the rule that a derivative copyright creates no rights in the underlying material. *Filmvideo*. The Second Circuit is unlikely to extend *Rohauer* to unauthorized commercial exploitation of a copyrighted work in an *Abend*-type fact situation because

of the almost universal criticism of *Rohauer*'s flawed analysis. *Rohauer*'s ruling that the owner of a derivative copyright obtained new property rights in the subsisting copyrighted materials (1) disregarded Section 7 of the 1909 Act and misinterpreted its legislative history; (2) conflicted with the decisions of the Second Circuit prior to, contemporaneous with and after *Rohauer*; and (3) improperly made retroactive a provision of the 1976 Act which Congress refused to apply retroactively. Furthermore, the Second Circuit will now be bound by Section 103(b) of the 1976 Act, which expressly prohibits the new property rights theory of *Rohauer*. It is therefore premature to declare a direct conflict between the Ninth and Second Circuits.[22]

Neither is review by certiorari necessary to consider petitioners' argument that the fair use defense may apply. There is no conflict among the Circuits: no Court has ever held, or even hinted, that the fair use defense applies to the unauthorized copying and performance of a literary work embodied in a derivative work, for commercial uses and in direct competition with the owner of the renewal copyright in the literary work. Ultimately, petitioners simply attempt to use the fair use defense to give vitality to the author's consent, which is made wholly ineffective by statute and established case law. The Court in *Abend*

[22] If, as petitioners claim, *Abend* applies to hundreds of movies, petitioners or any other studio need only file a declaratory relief action in the Second Circuit to determine if that Court will extend *Rohauer* or apply *Abend* to unauthorized commercial exploitation of matter protected by a valid renewal copyright.

unanimously and properly rejected the application of the fair use defense here.

The petition should be denied.

ARGUMENT

1. UNTIL SUCH TIME AS THE SECOND CIRCUIT DECLINES TO FOLLOW THE 1976 ACT AND ITS OWN CASES AND EXTENDS *ROHAUER* TO *ABEND*-TYPE FACTS, THERE IS NO CONFLICT IN THE CIRCUITS.

(a) *Abend* and *Rohauer* are Distinguishable on Their Facts.

In *Rohauer*, the defendant allowed a broadcast of a movie over an educational television station for a nominal fee. 551 F.2d 484, 486-87, 494-95, n.12. *Rohauer*'s narrow holding is simply that under the 1909 Act, an underlying renewal copyright is not infringed by the making of a single videotape copy of a preexisting print of a motion picture based on an underlying work, and broadcasting that videotape over an educational television station. *Id.* This holding is indeed a "minor" "aberration" in the law of the Second Circuit, which has repeatedly reaffirmed the rule that a derivative copyright does not convey any rights in the underlying copyrighted material. *Filmvideo*, 668 F.2d 91, 93.

In *Abend*, unlike *Rohauer*, the owners of the derivative work commercially exploited the underlying copyrighted materials as part of a multi-million dollar re-release of the derivative work during the renewal term. Petitioners made thousands of new copies of the Rear Window Film,

and thus thousands of copies of the Story embodied in the Film, and exhibited those copies in theatres throughout the United States and its territories, commonwealths and possessions. Petitioners also commercially exploited the Rear Window Story in the new home videotape market by making another $800,000 worth of videocassette and videodisc versions.[23] Petitioners' use of the Story generated over $12,000,000 in revenue during the renewal term alone. *Abend* is thus fundamentally different from *Rohauer*, where the defendant only made one videotape copy for broadcast over public television. *Abend*, 863 F.2d 1465, 1477.[24]

The Second Circuit has never applied *Rohauer* to the unauthorized commercial exploitation of matter protected by a renewal copyright. In fact, the Second Circuit has never applied *Rohauer* in any case brought under the 1976 Act, which expressly and unambiguously precludes *Rohauer*'s new property rights theory. 17 U.S.C. § 103(b).

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[23] Moreover, in *Abend* the author's grant did not extend to videocassettes. The grant encompassed exhibition by "cinematography or any process analogous thereto," and "by television or any process *of transmission* now known or hereafter to be devised. . . ." [Emphasis added]. Videocassettes are neither "cinematography," "television" nor a "process of transmission." *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 852-53 (9th Cir. 1988).

[24] *Abend* and *Rohauer* are also distinguishable because here petitioners' actions have directly interfered with the rights and the value of the renewal copyright in the Story. Petitioners' unilateral and widespread release of the Film prevented production of a new version of the Story. There was no indication in *Rohauer* that the renewal claimant was pursuing other derivative works based on the novel "The Son of the Sheik."

In the only instance where the Second Circuit has even mentioned *Rohauer*, the Court has refused to extend it to other fact situations. *Filmvideo*, and *infra* at n.27. Since the Second Circuit has never held that the unauthorized commercial exploitation of material covered by a valid renewal copyright is not infringement under the 1976 Act, there is no direct conflict between the Circuits.

(b) The Second Circuit will Most likely Apply *Filmvideo, Ricordi, Gilliam, Fitch,* and the 1976 Act, not *Rohauer,* to the Commercial Exploitation of a Derivative Work Without Authority from the Owner of the Renewal Copyright in the Underlying Literary Material.

Supreme Court review would be premature because the Second Circuit, if faced with *Abend*-type facts, will either continue to narrowly construe *Rohauer* or altogether abandon that decision and its new property rights theory. Before the Second Circuit could extend *Rohauer*'s new property rights theory to unauthorized copying and commercial exploitation of material protected by a renewal copyright, the Court would run headlong into its own precedent and the provisions of the 1976 Act.

It was the established rule of the Second Circuit before *Rohauer* that a derivative copyright only protected the matter added and did not attach to the underlying material.[25] This rule was reaffirmed by two other

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[25] *G. Ricordi & Co.*, 189 F.2d 469, 471; *American Code Co. v. Bensinger*, 282 Fed. 829, 834 (2d Cir. 1922); *London v. Biograph Co.*, 231 Fed. 696, 698-99 (2d Cir. 1916); *Grove Press, Inc. v. Greenleaf Publishing Co.*, 247 F. Supp. 518 (S.D.N.Y. 1937); *Stodart v. Mutual Film Corp.*, 249 Fed. 507, 510 (S.D.N.Y. 1917), *aff'd per curiam*, 249 Fed. 513 (2d Cir. 1918); *Eichel v. Marcin*, 241 Fed. 404, 411 (S.D.N.Y. 1913).

appellate decisions in the Second Circuit the very same year *Rohauer* was decided.[26] The Second Circuit reaffirmed this rule after *Rohauer*.[27] And Section 103(b) of the 1976 Act now unambiguously recodifies this rule and precludes judicial implication of new property rights in the underlying material. These cases and the 1976 Act are formidable, if not insurmountable, hurdles to the Second Circuit's ability to extend *Rohauer* to *Abend*-type situations.

The Second Circuit would also have to face the almost universal consensus that each aspect of *Rohauer*'s analysis was flawed. *Rohauer* misinterpreted Section 7 of the 1909 Act and its legislative history. 1 *Nimmer on Copyright*, § 3.07[A] at 3-27 to 3-28.1; Mimms, *supra*, 25 N. Y. L. Sch. L. Rev. 595, 607-09; Note, *Rohauer*, 52 S. Cal. L. Rev. 635, 657-58; Note, *Derivative Copyright*, 44 Brooklyn L. Rev. 905, 918-21. *Rohauer* failed to convincingly distinguish precedent of the Second Circuit. *Abend*, 863 F.2d 1465, 1473-75; *Russell*, 612 F.2d 1123, 1128, n.16; 1 *Nimmer on Copyright* § 3.07[A] at 3-28.1 to 3-29; Mimms, *supra*, 25

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[26] *Gilliam*, 538 F.2d 14, 20; *Reyher v. Children's Television Workshop*, 533 F.2d 87, 89-90 (2d Cir. 1976).

[27] *Filmvideo*, 668 F.2d 91, 92-93. It is noteworthy that in *Filmvideo* the Court declined to apply *Rohauer* and instead followed the Ninth Circuit's lead in *Russell v. Price*, 612 F.2d 1123 (9th Cir. 1979). In *Filmvideo* and *Russell* the Courts held that if a derivative work falls into the public domain, only the matter added to the underlying material is unprotected. To reach this result, both Circuits refused to apply or extend *Rohauer* and instead reaffirmed the rule that a derivative copyright only attaches to the new matter added and does not apply to the underlying material protected by a renewal copyright. 668 F.2d 91, 92-93; 612 F.2d 1123, 1128.

N.Y. L. Sch. Rev. 595, 610-13. *Rohauer*'s analysis of the "equities" was incomplete [*See Abend*, 863 F.2d 1465, 1476-77; 1 *Nimmer on Copyright* § 3.07[A] at 3-30]; and failed to adhere to this Court's admonition that the workings of the renewal scheme are a matter for Congressional action, not judicial intervention. *Miller Music*, 362 U.S. 377, 378. And *Rohauer*'s analogy to the 1976 Act's derivative works exception improperly extended retroactively a provision which Congress purposefully made prospective only. *See* discussion above at 7-9; *Abend*, 863 F.2d 1465, 1477-78. Furthermore, *Rohauer* selectively chose from the 1976 Act, ignoring the Act's recodification of the rule that prohibits *Rohauer*'s new property rights theory. 17 U.S.C. § 103(b).

Under these circumstances, it is likely if not certain that the Second Circuit will apply Section 103(b) of the 1976 Act and well-established and recently reaffirmed Second Circuit case law, to agree with *Abend* that unauthorized copying and commercial use of material covered by a renewal copyright constitutes infringement.

2. THE STATUTE PRECLUDES THE APPLICATION OF THE FAIR USE DEFENSE TO THE UNAUTHORIZED COMMERCIAL USE OF A FICTIONAL WORK IN COMPETITION WITH THE COPYRIGHT OWNER.

Throughout this century motion picture companies have made movies accepting the risk that an author's death during the first term of copyright would vest the renewal copyright in his widow or other successor and they would have to negotiate a new license before continuing to commercially exploit the movie. Petitioners

also knowingly accepted this risk when they produced the Film. Now, petitioners cite the author's ineffective consent to try to invoke the fair use defense, unabashedly arguing that the defense should allow them to do what the renewal scheme prohibits. However, applying the defense here on the basis of the author's first term consent would completely frustrate the renewal statute by binding deceased author's statutory successors with the author's consent which Congress chose to make inoperative.

Furthermore, the fair use doctrine would be bloated beyond recognition and its statutory limitations rendered meaningless if the Court were to immunize the massive copying and exploitation of the whole of a copyrighted fictional work for purely commercial purposes, directly interfering and in competition with the copyright proprietor's exclusive rights as owner of a copyrighted literary work. Section 107 codifies the fair use defense and lists uses such as news reporting, teaching and research, thereby demonstrating that commercial exploitation of a film version of a copyrighted fictional literary work is something quite different than the fair uses contemplated by Congress. Moreover, Section 107 lists four factors to be considered in deciding whether particular uses are within the defense, and every factor militates against the defense here. *Abend* 863 F.2d 1465, 1480-82.[28]

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[28] One factor is "the effect of the use upon the prospective market for or value of the copyrighted work." 17 U.S.C. § 107(4). Petitioners attempt to avoid their concession at oral argument that the re-release of the Film interfered with respondent's ability to pursue new versions of the Story, but

(Continued on following page)

This Court would have to completely disregard the provisions of Section 107 to apply the fair use defense to the unauthorized commercial exploitation of a literary work in competition with its copyright proprietor. Moreover, petitioners' argument is ultimately a request that the Court give effect, in the guise of a fair use defense, to the author's consent which is rendered ineffective by statute. This attempt to emasculate Section 107 in order to obtain indirectly what the statutes and cases prohibit directly, was unanimously and properly rejected by the Court in *Abend*.

3. CONCLUSION.

Abend is a fair, principled and workable decision based upon Supreme Court precedent and statute uniformly interpreted throughout this century. *Rohauer*, on the other hand, is a faulty decision of narrow application, which the Second Circuit has already relegated to the status of a "minor" "aberration." Moreover, after *Rohauer* the Second Circuit has reaffirmed the basic principle which led to the result in *Abend* and which disposes of

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(Continued from previous page)

respondent offered substantial undisputed evidence of this interference. In any event, petitioners cannot dispute that, as a general proposition, release of an earlier motion picture version will interfere with the release of new versions: This commonsense conclusion is validated by the established practice in the industry of coordinating releases of new and preexisting versions to avoid the head-on competition that would prove disastrous to new versions. Jaszi, *supra*, 28 UCLA L. Rev. 715, 740 n.67.

Rohauer: a derivative copyright only applies to the new matter added and does not convey rights in the underlying material. *Filmvideo*. This rule is now undeniably the law. 17 U.S.C. § 103(b).

The Petition should be denied because:

(1) There is no conflict among the Circuits since *Rohauer* and *Abend* are distinguishable on their facts;

(2) The Second Circuit is unlikely to extend *Rohauer* to commercial exploitation of material covered by a renewal copyright without the renewal copyright owner's consent, especially in view of the subsequent adoption of Section 103(b) of the 1976 Act; and

(3) No Court has ever suggested, much less held, that despite the provisions of Section 107 of the 1976 Act the fair use defense would apply to the massive copying and commercial exploitation of a fictional story that adversely affects the copyright owner's exclusive rights.

Respectfully Submitted,

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No. 88-2102

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITIONERS' REPLY BRIEF

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No. 88-2102

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

PETITIONERS' REPLY BRIEF

Petitioners JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC., respectfully submit this Reply Brief to the Brief in Opposition by respondent Sheldon Abend to the petition for writ of certiorari to the United States Court of Appeals for the Ninth Circuit.

I. AN IRRECONCILABLE CONFLICT EXISTS BETWEEN *ABEND* AND *ROHAUER*

A. Abend and Rohauer are Not Factually Distinguishable.

Respondent's attempt to distinguish *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988) (*"Abend"*) and *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 939 (1977) (*"Rohauer"*) on their facts is unavailing. *Compare* Petition 13-14 *with* Resp. Br. 21. *Rohauer* held that continued use of the existing derivative work (as distinguished from creation of a new work) was no infringement; it did *not* base its holding on the frequency or success of the continued use or limit its application to situations where the existing derivative work would not compete with new works authorized by the statutory successor.[1] Even the *Abend* majority focused its attack on *Rohauer*'s *legal* analysis.

B. The Second Circuit is Not Likely to Reverse or Further Limit Rohauer.

The *Rohauer* rule is already limited to a specific fact pattern, *i.e.*, where the owner of the derivative work received an assignment of the renewal term from the author of a prior work, but the death of the author of the prior work threatens to frustrate the right to continue use of the derivative work.[2] It is not likely that the Second Circuit will retreat from the *Rohauer* decision.[3] *Rohauer*

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[1] Nor did the 1976 Congress think any such limitation appropriate to the derivative work exception to the new termination right in 17 U.S.C. §§ 203 and 304.

[2] This is the precise fact pattern in *Abend*.

[3] The only Second Circuit decision to consider *Rohauer*'s viability confirmed the propriety of its holding in the factual context described above. *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir. 1981) (only assuming *arguendo* that *Rohauer* was a "minor" "aberration" from established principles – if at all).

was a unanimous decision[4] written by one of that circuit's most respected judges. 1 M. and D. Nimmer, *Nimmer On Copyright* (*"Nimmer"*) § 3.07(A) at 3-31 (1989) ("Judge Friendly [was] surely one of the nation's outstanding copyright judges").

The major thrust of respondent's Opposition – that the "force or validity" clause of section 7 of the 1909 Act, as reenacted by section 103(b) of the 1976 Act, undermines the *Rohauer* rule and will likely lead to its reversal – is incorrect. Resp. Br. 9 n.9, 10 & n.10, 16, 17, 20, 23-24 & n.27, 28. First, section 103(b) was intended to "sharpen" but not change the essential meaning of section 7. Note 21, *infra*. Second, the *Abend* majority expressly chose not to challenge *Rohauer*'s interpretation of section 7's force or validity clause. App. at 20 n.8. Third, respondent's section 103(b) argument challenges only the "limited new property" rationale of *Rohauer; Rohauer* and the *Abend* dissent also rely on an interpretation of section 24 of the 1909 Act, as reenacted in section 304(a) of the 1976 Act. App. at 45; Petition at 14-27; Amicus Br. at 12-17.

None of the decisions cited by respondent, Resp. Br. at 23-24, considered or bear on the issue in *Abend* and *Rohauer*. Nor is there a broad consensus that the *Rohauer* rule is flawed. Resp.Br. 24. The *Rohauer* rule was foreseen in a 1964 article in the nation's leading copyright journal[5], and was applauded when decided.[6] Moreover, even after

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[4] In contrast, *Abend* was a split decision whose deciding vote was cast by a district court judge.

[5] Engel, "Importation and Protection of Works of American Authors Manufactured Abroad Via the U.C.C. Exemption from Formalities: How Now Sacred Cow?", 12 *Bull. Copyright Soc'y*, 83, 119 n.126 (1964-65) (disputing Barbara Ringer's view), quoted in *Rohauer*, 551 F.2d at 473.

[6] *E.g.*, Colby, "Rohauer Revisited 'Rear Window', Copyright Revisions, Renewals, Terminations, Derivative Works and Fair Use," 13 *Pepperdine L.Rev.* 569, 570-71 (1986); Ellison, "The

(Continued on following page)

Abend, a leading copyright commentator has opined that *Rohauer*, not *Abend*, is the correct result. Boorstyn, *Copyright L.J.* 14 (Feb. 1989).

II. THE *ABEND* RULE WILL CAUSE A WAVE OF LITIGATION

Respondent blithely accepts that the *Abend* rule will encourage a multiplicity of actions and forum shopping. Respondent argues that whenever *Abend* causes an impasse, a derivative work copyright owner need only "file" one or more pre-distribution declaratory relief actions to establish (1) the ability to continue distribution, and (2) the portion of profits to be paid under *Abend*.[7] Resp. Br. 14-15. But, nowhere else does the Copyright Act require litigation as a condition to exercise one's copyright.

(Continued from previous page)

Copyright Exception for Derivative Works and the Scope of Utilization," 56 *Ind. L.J.* 1, 21-27 (1980); Jaszi, "When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest," 28 *UCLA L. Rev.* 715, 758-761 (1981); Nevins, "RX For Copyright Death," 1977 *Wash. U.L.Q.* 601, 615.

[7] Of course, mere "filing" would not accomplish anything; at least three to five years of discovery, motions, appeals and certiorari petitions would be required to "clear" the work – while the copyright term would be expiring. Respondent's suggestion also assumes (1) that the derivative work would fall within *Abend*'s "classic film" exception to injunctive relief, and (2) that a district court would or could prospectively decide what portion of future profits would be attributable to use of that portion of the prior work used in the derivative work – a determination that is often dependent upon the public's reaction to the work. 3 *Nimmer* § 14.03[c] at 14-30 n.30. Respondent's proposed lawsuit "solution" must be multiplied by the number of affected prior works used in the derivative work. See Amicus Br., at 3 n.5, 8.

III. THE *ABEND* DECISION WAS NOT DICTATED BY THE 1909 ACT

While the 1909 Congress addressed the application of the renewal term where an author or author's statutory successor is pitted against a mere assignee of rights (*i.e.*, author v. user), Congress did not state the result where an author's statutory successor is pitted against a party who had created its own copyrightable derivative work (*i.e.*, author v. user/author). The pre-1951 authorities cited by respondent, Resp. Br. at 3-5 n.3, dealt only with the conflict between a statutory successor and an assignee/user[8]. There was no real debate about the result where competing copyrights were involved until after *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951) ("*Ricordi*").[9] *Ricordi* held only that where the owner of a derivative work had been granted the first term, but not the renewal term, of a prior work, he could not make *a new work* during the renewal term; however, commentators speculated on whether ("broad interpretation")[10] or not ("narrow interpretation") the *Ricordi dictum* would have barred Ricordi from

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[8] The cryptic statement in Frolich & Schwartz, *The Law of Motion Pictures*, 549 (1918), relied upon in Resp. Br. 4-5, dealt only with a hypothetical conflict between an author's successor and a *future user*. The other book relied upon by respondent, R. De Wolf, *An Outline of Copyright Law*, 128-129 (1925) only tentatively speculated ("It is conceived that . . . ") about the result claimed by respondent; De Wolf relied on *White-Smith Music Publishing Co. v. Goff*, 187 Fed. 247 (1st Cir. 1911) which says not a word about the issue in *Abend* and *Rohauer*. *See* Petition, at 23-24.

[9] *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 176-77 & n. 45, 183 & n.7 (1985), citing *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951).

[10] The future Register, Barbara Ringer, was tentative about her conclusion ("It would seem") in Copyright Study No. 31, at

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making *continued use of the existing derivative work* if it had been granted a renewal term that had been defeated by the author's death. *See* citations at Resp. Br. 5-6. Four Justices of this Court thought *Rohauer*[11] finally decided that *Ricordi* should properly be read *narrowly*. *Mills Music, Inc., supra,* 469 U.S. 153 at 183 n.7 (1985).

Thus, there is no evidence that petitioners[12], or the motion picture industry, "accepted the risk" since 1918, or at any time, that a derivative work copyright would be short-lived. *Compare* Amicus Br. 6-9 *with* Resp.Br. 5-6.[13]

(Continued from previous page)

169-170 & n.492 (1960). *Fitch v. Schubert*, 20 F.Supp. 314 (S.D.N.Y. 1937), also relied upon by Ms. Ringer, was distinguished in *Rohauer*, 551 F.2d at 493 n.10. She acknowledged "that there is room for more than one point of view on the rights in a 'new version' as against renewal rights in the basic work" in a 1961 letter to one critic. Colby, "Rohauer Revisited 'Rear Window', Copyright Revisions, Renewals, Terminations, Derivative Works and Fair Use," 13 *Pepperdine L.Rev.*, 569, 593 (1986). Respondent's zeal has misled him to refer twice to Seymour Bricker, an author of the 1955 law review article that relied on *Ricordi*, as "petitioner MCA, Inc.'s own in house counsel". Resp.Br. 5-6 & n.4. MCA Inc. did *not* own a motion picture studio until the early 1960s and it never employed Mr. Bricker.

[11] Even Before *Rohauer*, some commentators opined that derivative copyright owners could continue to distribute their works despite *Ricordi*. See, note 5 *supra*.

[12] Since petitioner Stewart and Alfred Hitchcock created and copyrighted the Rear Window film five years *before* this Court reached its 5-4 decision in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) (relied upon by the *Abend* majority) and since petitioners re-released the film in 1982 in specific reliance upon the 1977 *Rohauer* decision, it is unclear what *known risk* respondent thinks petitioners were taking. Resp.Br. 6, 15 n.17, 25-26.

[13] The renewal provisions of the 1909 Act were "so complex and poorly drawn that, under the court decisions

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IV. THE COPYRIGHT ACT OF 1976 WAS NOT INTENDED TO AND DID NOT SETTLE THE ISSUE IN THIS CASE

A. Congress Incorporated Existing Ambiguities Into the Continued Renewal Provisions of the 1976 Act.

Respondent grossly misreads the legislative history of the 1976 Act to argue that Congress considered and adopted the *broad* interpretation of *Ricordi* for the continued renewals under 17 U.S.C. § 304. Resp. Br. 9. From the outset of the revision efforts, the Copyright Register[14] was committed to modifying the decision in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943)[15] so that mere assignee/users could not prospectively tie up an author's entire copyright term. The Register first

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construing them, they have become extremely burdensome and in some cases self-defeating." Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess. Copyright Law Revision, Part 6 (H. Judiciary Comm. Print 1965), at 71 (*"Register's 1965 Supplementary Report"*). In such an environment, it made sense for movie companies to try to buy protective licenses from potential successors (usually speculators) where the cost was not prohibitive, but that does not amount to an industry practice with the force of law. *Rohauer*, 551 F.2d at 493.

[14] The major work in developing sections 203 and 304 was begun, conducted and *completed* during the period 1955 to 1965 under the auspices of the Register of Copyright. *Mills Music*, 469 U.S. at 158-161; Abrams, "Who's Sorry Now? Termination Rights and the Derivative Works Exception", 62 *U.Detroit L.Rev.*, 181, 205-222 (1985).

[15] Some feel that the "second chance" goal of the two-term copyright system was thwarted by this Court's decision in *Fred Fisher Music*, affirming the right of authors to assign away their renewal term expectancy. See *Mills Music*, 469 U.S. 185-186.

proposed an automatic reversion after a period of years.[16] This reversion proposal developed into the present statutory termination right[17] which right was not applied to the first 56 years of *existing* copyrights, just the additional 19 years extension tacked on by Congress under the 1976 Act. 17 U.S.C. § 304(c) (3). The Register always acknowledged that such new termination right must not upset the expectations of persons that had paid considerable sums for renewal rights *in existing copyrights*.[18] Although the Register knew that the law concerning renewal was ambiguous; the Register thought it better to *continue the ambiguity* of the renewal system for *existing* copyrights than to upset existing contractual arrangements.[19] *Ricordi* was never discussed or adopted.[20]

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[16] Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong. 1st Sess. Copyright Law Revision (H. Judiciary Comm. Print 1961) (*"Register's 1961 Report"*), at 92-94.

[17] *Register's 1965 Supplementary Report*, at 94-95; H.R.Rep. 94-1476, *supra*, at 139; 17 U.S.C. §§ 203 & 304.

[18] See *Register's 1961 Report*, at 57; *Register's 1965 Supplementary Report*, at 93-96; see also, H.R.Rep. 94-1476, *supra*, at 139.

[19] "We believe it would be unjust to destroy [specific renewal expectancies already bargained for and sold in existing works], whether transferred or not, and section 304(a) therefore follows the *Report's* recommendation that the present renewal provision be preserved for these works . . . although *this means perpetuating the complexities, uncertainties, and ambiguities of the renewal section* for another 28 years." *Register's 1965 Supplementary Report*, at 94 (emphasis added).

[20] Thus, respondent is wrong to read the legislative history to mean that the Register, Congress or the movie industry settled anything regarding the existing or continued renewal system. Resp.Br., at 8-9 nn.7-8. Respondent omits from the movie industry's spokesman's quotation, Resp. Br., at 8-9, his inquiry "whether consideration might not be given to improving this very *ambiguous* and unsatisfactory renewal system." Copyright L. Rev., pt. 5, at 307 (emphasis added).

B. Section 103(b) Has No Bearing on This Issue.

Respondent misunderstands the purpose of the "force or validity" clause, either as reflected in old section 7 or new section 103(b). Resp. Br., at 9-10 nn.9-10, 17, 20. Section's 7 "force or validity" clause was merely intended to prevent two anticipated evils: that a copyright owner might try to obtain a perpetual copyright by making consecutive derivative works, or, that, by inadvertently failing to protect a new work, a derivative work owner might put the prior work into the public domain. *Rohauer*, 551 F.2d at 489-90; Petition, at 15 n.18; Amicus Br., at 14-15 n.21, 23-24, 28. New section 103(b) was not intended to change this focus.[21] In a *Rohauer* situation, the derivative work owner is neither seeking to extend the duration of protection for the old material nor threatening to put such material in the public domain. Sections 7 and 103 are irrelevant.

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[21] *Register's 1965 Supplementary Report* at 6: "Section 103 . . . attempts to sharpen and clarify the language of section 7 of the present law in describing the relationship between protection for 'old' and 'new' material in a work. . . . In [cases of compilations or derivative works] the author of the 'new version' secures protection only for the material he himself has added, without affecting the copyright or public domain status of the pre-existing material." *See also* H.R. Rep. 94-1476, at 57: "Section 103(b) is also intended to define, more sharply and clearly than does section 7 of the present law, the important interrelationship and correlation between protection of pre-existing and of 'new' material in a particular work."

V. CONCLUSION

Petitioners' request for review should be granted.

Dated: September 1, 1989

Respectfully submitted,

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(3)

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

BRIEF *AMICUS CURIAE* SUBMITTED BY COLUMBIA PICTURES INDUSTRIES, INC., MGM/UA COMMUNICATIONS CO., ORION PICTURES CORPORATION, PARAMOUNT PICTURES CORPORATION, TURNER ENTERTAINMENT CO., TWENTIETH CENTURY FOX FILM CORPORATION, THE WALT DISNEY COMPANY AND WARNER BROS. INC. IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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PREFATORY STATEMENT*

This brief is submitted by amici curiae Columbia Pictures Industries, Inc., MGM/UA Communications Co., Orion Pictures Corporation, Paramount Pictures Corporation, Turner Entertainment Co., Twentieth Century Fox Film Corporation, The Walt Disney Company and Warner Bros. Inc. in support of the petition for writ of certiorari. *Amici* respectfully urge the Court to grant the petition and to review the judgment and opinion of the United States Court of Appeals for the Ninth Circuit in *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988) (*"Abend"*). Review is necessary to resolve an irreconcilable inter-circuit conflict between *Abend* and *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied* 431 U.S. 939 (1977) (*"Rohauer"*), on a copyright issue of national importance left undecided in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960).

INTERESTS OF AMICI

All *amici* (except one) produce, or finance production of, copyrighted motion pictures which they distribute for exhibition throughout the world.[1] In addition, as a result of their many years in the motion picture industry, *amici* each own large libraries of copyrighted motion pictures which they also distribute worldwide.[2]

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* Pursuant to Rule 36.1 of the Rules of this Court, copies of the written consents of all parties to the filing of this brief are submitted concurrently herewith.

1 *Amicus* Turner Entertainment Co.'s sole business is the distribution of such motion pictures.

2 These motion pictures include film classics representing virtually every genre and era of American film, from the silent films of the early 1900's to the sci-fi/special effects films of the 1970's. They represent, moreover, the best – and in several cases the only – works of legendary motion picture directors such as D. W. Griffith, Cecil B. DeMille,

(Continued on following page)

Many of *amici's* motion pictures are based, in part, on copyrighted literary works such as novels, plays and short stories (hereinafter "underlying works") that are subject to the same statutory copyright renewal provisions as those at issue in this case.[3] These motion pictures (hereinafter "derivative motion pictures") were produced, and are currently being distributed, under written assignments or licenses (hereinafter collectively "licenses") from the underlying works' authors. In most cases, these licenses granted *amici* or their predecessors the right to distribute and exhibit the motion pictures during both the original *and* renewal terms of the copyrights in the underlying works.

Hundreds – if not thousands – of these derivative motion pictures were based on underlying works whose

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and John Ford, motion picture screen writers such as Lillian Hellman, Frank Capra and Billy Wilder and motion picture actors and actresses such as Lon Chaney, Mary Pickford, Lillian Gish and John Barrymore.

Amici's motion pictures also represent massive economic investments. In 1941 the average cost to produce a feature length motion picture was $400,000; in 1949 it was in excess of $1,000,000; by 1972 it had risen to $1,890,000; and, today *amici's* average production costs are $17 million per picture. International Motion Picture Almanac at 36A (58th ed. 1986); *Pic Budgets Reach For The Sky*, Daily Variety, June 28, 1989 at 1.

[3] The Ninth Circuit's opinion involves the renewal provisions contained in the second proviso of section 24 of the Copyright Act of 1909, Pub. L. No. 60-349, Ch. 320, 35 Stat. 1075, 17 U.S.C. §§ 1 *et. seq.* (superseded 1978) (hereinafter "1909 Act"). These provisions were re-incorporated *verbatim* into section 304(a) of the General Revision of Copyright Law, Pub. L. No. 94-553, 90 Stat. 2541, 17 U.S.C. §§ 101 *et. seq.* (1976) (hereinafter "1976 Act"). Section 304(a) applies to all works that were in their first copyright term as of January 1, 1978.

authors (*i.e., amici's* licensors) died before the renewal terms of those underlying works.[4] *Rohauer* permits – but *Abend* prohibits – *amici's* continued distribution of these derivative motion pictures during the underlying works' renewal terms. Because all *amici* are subject to jurisdiction in the Ninth Circuit, the Ninth Circuit's *Abend* decision, if allowed to stand, will require *amici* to withdraw many of such derivative motion pictures from distribution in order to avoid continuing exposure to copyright infringement liability.[5] This Court's review is thus vital both to *amici's* rights to continue distributing these copyrighted motion pictures and to the public's interest in having continued access to these films.

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[4] The exact number of *amici's* derivative motion pictures now in distribution which are based on underlying works whose authors died before commencement of the renewal terms in those works is not currently known. Respondent, however, estimates that approximately *600* motion pictures fall into this category. Appellant's Opening Brief at 4. *See also MCA Loses Legal Ground In "Rear Window" Dispute*, Daily Variety, Dec. 28, 1988 at 1, 2 ("Attorneys for Abend say 'hundreds and hundreds' of films fall into a similar copyright situation . . . "). *Amici* believe that the actual number may be much higher.

[5] Nor is the impact of the Ninth Circuit's opinion limited only to motion pictures that are based upon, or incorporate, separately copyrighted *short stories* like Cornell Woolrich's "It Had To Be Murder." Motion pictures frequently incorporate numerous copyrighted works in addition to copyrighted short stories, including, for example, musical compositions, sound recordings, paintings, photographs, sculpture and famous characters from literature and comic books. The Ninth Circuit's opinion in *Abend* permits the owner of the renewal copyright in *any* of these underlying works whose author died before commencement of the renewal term to enjoin, and to recover huge monetary awards for, continued distribution of these motion pictures.

STATEMENT OF THE CASE

Respondent brought this copyright infringement action to enjoin petitioners' continued distribution of the classic 1954 Alfred Hitchcock motion picture entitled "REAR WINDOW," starring James Stewart and Grace Kelly ("the motion picture"), and to recover petitioners' profits from the 1983 re-release of the motion picture. (App. 4-5, 32-36). The evidence establishes that: (a) the motion picture was based in part on a copyrighted short story by Cornell Woolrich ("the short story") pursuant to a written license from Woolrich which granted the right to distribute the motion picture during the terms of both the original and renewal copyrights in the short story (App. 3-4); (b) Woolrich died unmarried and without children before the short story's renewal copyright term began (App. 4); (c) Woolrich's executor obtained a renewal copyright for the short story after Woolrich's death and in 1971 conveyed it to Abend (App. 4); (d) the copyright in the motion picture was validly renewed in 1982 (Petition 8); and (e) petitioners thereafter re-released their copyrighted motion picture for public distribution and exhibition in reliance on (i) their written license from Woolrich, (ii) their renewal copyright in the motion picture and (iii) the *Rohauer* opinion (App. 5; Petition 8-9). Finding these facts virtually identical to the material facts in *Rohauer*, the District Court, following *Rohauer*, granted summary judgment to petitioners. A divided panel of the Ninth Circuit, finding the reasoning of *Rohauer* unpersuasive, reversed.[6] A petition for rehearing was denied, and the petition for writ of certiorari followed.

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[6] The Ninth Circuit also rejected petitioners' fair use defense (App. 36-40). This brief does not discuss the fair use issue.

REASONS FOK GRANTING THE WRIT

I.

THIS COURT'S REVIEW IS VITAL BOTH TO THE RIGHTS OF MOTION PICTURE COPYRIGHT OWNERS TO CONTINUE DISTRIBUTING HUNDREDS OF DERIVATIVE MOTION PICTURES AND TO THE PUBLIC'S INTEREST IN HAVING CONTINUED ACCESS TO THESE FILMS

The Ninth Circuit's interpretation of the Copyright Act impacts far more than the rights of the parties in the single motion picture involved in this action. If allowed to stand, it will upset industrywide practices established more than a dozen years ago in reliance on *Rohauer* and will extinguish the rights of motion picture distributors like *amici* to continue distributing hundreds of other derivative motion pictures for viewing by the American public. This case thus presents a federal issue of national importance which merits this Court's review.

A. The Ninth Circuit's Majority Opinion Upsets Industrywide Practices Established Over A Dozen Years Ago In Reliance On *Rohauer*

As noted above, many of *amici's* derivative motion pictures were produced under licenses from authors of underlying works. These licenses expressly granted *amici* the right both to produce their derivative motion pictures and to distribute them during both the original *and* renewal terms of the underlying works. On January 7, 1977, in a significant case of first impression, *Rohauer* held that the owners of derivative motion pictures produced under such licenses may distribute them during the underlying works' renewal copyright terms even where the authors of those underlying works died before commencement of such renewal terms. In so holding, *Rohauer* expressly rejected the argument, accepted by the Ninth Circuit in this case, that such distribution may continue during an underlying work's renewal term only if the derivative motion picture owner purchases a *new license*

from the current owner of the renewal copyright in the underlying work.

In the twelve years since the *Rohauer* decision, *amici* and many others have distributed hundreds of derivative motion pictures produced under licenses from authors of underlying works who died before commencement of the renewal copyright term in those works. Moreover, they have done so, relying on *Rohauer, without* obtaining new licenses from the current owners of the underlying works' renewal copyrights. This reliance was well-placed: *Rohauer* stood as the only precedent during this entire twelve year period on the issue whether an author's death before the renewal term of his underlying work nullifies the rights of persons like *amici* to exploit during the renewal term separately copyrighted derivative works produced with the deceased author's consent.[7] *Abend*, however, now brands as infringements the long-standing distribution activities undertaken by *amici* in reliance on *Rohauer* and exposes *amici* and many others to enormous potential liability under the Copyright Act.[8]

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7 Indeed, eight years after the Second Circuit's decision in *Rohauer*, four members of this Court correctly characterized the holding of *Rohauer* as the "prevail[ing]" view. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n. 7 (1985) (White, J., dissenting). The majority in *Mills Music* did not disagree with this characterization.

8 The Ninth Circuit's opinion will affect not only derivative works created before January 1, 1978 (*i.e.*, the date the 1909 Act expired) but also derivative works created well into the next century. As noted above (note 3, *supra*), section 304(a) of the 1976 Act preserves the 1909 Act's two-tier renewal system for all works that were in their initial copyright term as of January 1, 1978. (*See* App. 29). The ultimate owners of the renewal copyrights in these works will not be known until twenty-eight years after commencement of their initial copyright terms, which in many cases will not be until the year 2005. The Ninth Circuit's

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B. The Ninth Circuit's Opinion Will Deprive Motion Picture Distributors Of Significant Economic Returns From Their Copyrighted Derivative Motion Pictures And Will Also Deprive The Public Of Access To Countless Classic Films

The Ninth Circuit's opinion in *Abend* does more than merely threaten *amici* and other derivative motion picture owners with liability for the past distribution of their derivative motion pictures. If allowed to stand, *Abend* will also snuff out *future* distribution and exhibition to the American public of these and many other derivative motion pictures.

Faced with the risk of lawsuits – which the Ninth Circuit's opinion sanctions – for distributing derivative motion pictures based on underlying works whose authors died before their renewal copyright terms, *amici* and other motion picture copyright owners will be forced to withdraw such derivative motion pictures from distribution to avoid continuing liability for copyright infringement.[9] This inevitable result will deprive the

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interpretation of the 1909 Act will thus apply to motion pictures produced through the year 2005 that are based on underlying works copyrighted before 1978.

9 Indeed, this is exactly what happened before the Second Circuit decided *Rohauer*. Prior to *Rohauer, amici* removed several of their highly successful motion pictures from distribution because they were concerned about the uncertain outcome of potential infringement actions by owners of renewal copyrights in underlying works. *See Mills Music*, 469 U.S. at 183-84 and n.8 (White, J., dissenting). These included "THANKS FOR THE MEMORY" (starring Bob Hope), "YOU CAN'T TAKE IT WITH YOU" (starring Lionel Barrymore and James Stewart), "THE MAN WHO CAME TO DINNER" (starring Monty Woolley) and many others. *Id.*; Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights and the Public Interest*, 28 UCLA L. Rev. 715, 740 (1981).

public of access to hundreds of derivative motion pictures – many of which are American film classics (*see* notes 2 & 9, *supra*) – and thus will frustrate the policy of the copyright law to encourage "broad public availability" of copyrighted works. (*See Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975)).[10]

The Ninth Circuit's opinion appears to recognize that a statutory construction with such an effect would be directly at odds with the policies underlying the copyright law. (*See* App. 27 n.15, 33). It concludes, however, that its interpretation of the copyright statute in this case will *not* force distributors to withdraw derivative motion pictures from the marketplace, reasoning that the motion picture copyright owner and the underlying work's renewal copyright owner will "likely" reach an economic accommodation permitting the motion picture owner to continue exploiting his work. (*Id.*). This unsupported conclusion is mistaken for two reasons.

First, the Ninth Circuit ignores the fact that motion pictures frequently incorporate a great variety of copyrighted works in addition to novels or short stories. Often musical compositions, sound recordings, paintings, sculpture, photographs, famous characters from literature and cartoons, film clips from other motion pictures and many other copyrighted works are incorporated into a motion picture. *See, e.g., Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988) (musical composition incorporated in motion picture); note 5, *supra*. An inability to identify and locate the statutory successor to the renewal copyright in even one of these underlying works would subject the motion picture owner to the same risk of copyright infringement liability as that faced by petitioners here.[11] Given the large number of underlying

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10 One commentator aptly calls this forced withdrawal from the marketplace of derivative motion pictures "copyright death." Nevins, *Rx for Copyright Death*, 1977 Wash. U.L.Q. 601.

11 *See* Nevins, *supra*, note 10, at 607 n.40.

works, the lapse of time and the vagaries of private bequests and intestacy, it is virtually certain that motion picture copyright owners will be unable to find statutory successors to the renewal copyrights in one or more of these underlying works at the end of their respective initial copyright terms. To avoid copyright liability to these anonymous successors, the motion picture copyright owner will have no reasonable choice but to withdraw his derivative motion picture from distribution. *See Cohen, supra.*[12]

Second, despite the Ninth Circuit's optimism, it simply cannot be safely predicted that the statutory successors to the renewal rights in the underlying works on which a motion picture is based will "likely" reach an economic accommodation with the motion picture copyright owner for the continued exploitation of the motion picture. Some owners of underlying work renewal copyrights may refuse to negotiate, preferring instead to retire their copyrighted works, and all derivative works based

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12 As *Rohauer* recognized, there is nothing the derivative work owner can effectively do to protect himself *in advance* of the underlying work's renewal term against such "copyright death," because there is no way of telling who will qualify as the statutory successor to the underlying work's renewal copyright until the renewal term commences. *Rohauer*, 551 F.2d at 493; Bricker, *Renewal and Extension of Copyright*, 29 S. Cal. L. Rev. 23, 33 (1955). The Ninth Circuit's interpretation of the copyright statute's renewal provisions (as embodied in both §24 of the 1909 Act and §304(a) of the 1976 Act) thus builds a substantial amount of uncertainty into the statute. This result is directly at odds with Congress' "paramount goal" in passing the 1976 Act, namely "enhancing predictability and certainty of copyright ownership." *Community For Creative Non-Violence v. Reid*, 109 S.Ct. 2166, 2177 (1989).

thereon, from public use.[13] Others may make demands – like respondent's demand for 50% of petitioners' future gross proceeds in excess of advertising expenses (Petition 20) – which are so exorbitant that a negotiated economic accommodation will be impossible. In either case, to avoid copyright infringement liability, the derivative motion picture copyright owner will be forced to withdraw his film from distribution until the underlying work's renewal copyright expires.[14] This Court's intervention is necessary to avoid such a calamitous result.[15]

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[13] *See, e.g., Fox Film Corporation v. Doyal*, 286 U.S. 123, 127 (1931) ("The owner of the copyright, if he pleases, may refrain from vending or licensing and content himself with simply exercising the right to exclude others from using his property").

[14] The Ninth Circuit's suggestion that continued distribution of such motion pictures will not necessarily be *enjoined* (App. 31-36) is no solution to this dilemma. The *in terrorem* effect of potentially huge awards of damages and profits (17 U.S.C. §503) will force the withdrawal of these films from distribution as surely as will an injunction.

[15] Motion pictures are not the only works whose continued distribution will be affected by the Ninth Circuit's opinion. While motion pictures are virtually always derivative, and thus particularly susceptible to "copyright death" (*see* note 10, *supra*), they are hardly the only works which would be put at risk if the Ninth Circuit's opinion stands. Copyrighted plays adapted from copyrighted novels, copyrighted educational texts which incorporate copyrighted poems and songs, copyrighted sound recordings based on copyrighted musical compositions, and copyrighted audio cassette recorded readings of copyrighted novels, to name just a few examples, would be equally susceptible to just this sort of "copyright death." Review of the Ninth Circuit's opinion is thus vital for the protection and public enjoyment of a wide array of copyrighted derivative works in addition to motion pictures. *See, e.g., Mills Music*, 469 U.S. at 158 (one 1923 song licensed over 400 times to record companies to prepare derivative works).

II.

THIS COURT'S REVIEW IS NECESSARY TO RESOLVE THE IRRECONCILABLE CONFLICT BETWEEN THE SECOND CIRCUIT'S DECISION IN *ROHAUER* AND THE NINTH CIRCUIT'S OPINION IN THIS CASE

This Court should also grant the petition to resolve the irreconcilable conflict between the Ninth Circuit's opinion in this case and the Second Circuit's opinion in *Rohauer*. Indeed, it is difficult to imagine an inter-circuit conflict more worthy of this Court's review.

The facts here and in *Rohauer* are in all material respects identical. Both cases involve a derivative motion picture produced and distributed under license from the author of an underlying work who died before the underlying work's renewal term. Each license granted the right to distribute the derivative motion picture during the original and renewal copyright term of the underlying work. And in both cases the owner of the underlying work's renewal copyright sued the derivative motion picture copyright owner merely for distributing its motion picture pursuant to the terms of the license granted to it by the author of the underlying work. The Ninth and Second Circuits, moreover, both resolved the copyright infringement claims arising from these identical fact patterns by interpreting identical statutory provisions, *i.e.*, sections 7 and 24 of the 1909 Act.

Nor is this Court likely to benefit in a future case from the views of other circuits on the irreconcilable conflict presented here. *Amici* each have offices, and/or distribute their motion pictures, in Los Angeles. So, too, do most other motion picture distributors. Thus, future suits against such distributors for engaging in the type of distribution activities permitted by the Second Circuit in *Rohauer* – but prohibited by the Ninth Circuit in this case – inevitably will be brought only in the Ninth Circuit. The conflict between *Rohauer* and this case is thus not likely to

receive fresh examination in other circuits, and it is therefore ripe for immediate review and resolution by this Court.

III.

THIS COURT'S REVIEW IS NECESSARY TO CORRECT THE NINTH CIRCUIT'S ERRONEOUS INTERPRETATION OF SECTIONS 7 AND 24 OF THE 1909 ACT

This case presents a conflict between the owners of two separate and distinct copyrights, the copyright in the derivative motion picture (and the renewal thereof), owned by petitioners, and the renewal copyright in the underlying short story, owned by respondent. Despite the fact that section 7 of the 1909 Act confers on derivative works, such as petitioners' motion picture, all rights of "copyright under the provisions of this title" (1909 Act §7), the Ninth Circuit held that respondent's succession to the renewal copyright in Woolrich's short story permits respondent, under the provisions of sections 7 and 24 of the Act, to prevent petitioners from enjoying those rights. This Court's review is necessary to correct this statutory interpretation which, as Judge Thompson's dissent in *Abend* cogently explains, "just doesn't make sense." (App. 53).

A. The Ninth Circuit's Decision Directly Conflicts With The Statutory Language Of Sections 7 And 24

Section 7 of the 1909 Act provides:

> "Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title . . . "

This language is plain and direct. It unequivocally confers on derivative works produced with the consent of the owner of a copyrighted underlying work the same status as all other works of authorship, *i.e.*, that of "new works subject to copyright under *the provisions of this title.*" Those "provisions", in turn, include the exclusive rights conferred by section 1 of the 1909 Act to, among other things, distribute and publicly perform (*i.e.*, exhibit) the copyrighted derivative works. 17 U.S.C. §§1(a), 1(d). They also include the right to enjoy and exploit these exclusive rights for two consecutive twenty-eight year terms. 17 U.S.C. §24 ("The copyright secured by this title shall endure for twenty-eight years . . . [plus] . . . a renewal and extension of the copyright . . . for the further term of twenty-eight years . . . ").

By classifying derivative works in section 7 as new works subject to independent copyright under the provisions of "this title" – and then granting *all* copyrights under that "title" two consecutive twenty-eight year terms – Congress clearly intended such derivative works to enjoy the same term of copyright protection, and the same exclusive rights, as all other works, *i.e.*, an original term of exclusive rights for twenty-eight years plus a renewal term extending those rights for an additional twenty-eight years. *Rohauer's* construction of sections 7 and 24 gives effect to this unmistakable Congressional intent by permitting the creator of an independently copyrighted derivative work to exploit the work throughout its entire original and renewal copyright terms, unencumbered by potential copyright infringement claims by the owner of the separate renewal copyright in an underlying work whose author has expressly consented to such exploitation, and then dies, before the underlying work's renewal term.

In contrast, *Abend's* interpretation of sections 7 and 24 utterly defeats Congress' intent that such independent derivative works enjoy the same two consecutive twenty-eight year copyright terms as enjoyed by all other copyrighted works. For, under the Ninth Circuit's statutory

construction, the two consecutive terms of exclusive rights granted to the creator of a copyrighted derivative work will be prematurely extinguished upon expiration of the original copyright term in any underlying work whose author dies before the end of that original term.

The pernicious consequences of the Ninth Circuit's erroneous statutory interpretation are graphically illustrated by the result in this case. Under the Ninth Circuit's construction, the copyright term for petitioners' 1954 motion picture, which otherwise would not have lapsed until 2010, came to an abrupt halt in 1970 upon expiration of the short story's original copyright term shortly after Woolrich's death. Instead of two consecutive twenty-eight year copyright terms, petitioners' motion picture received, according to the Ninth Circuit, only a *sixteen year* copyright term, a result directly at odds with the plain language of sections 7 and 24. It is no wonder that the commentators have described the statutory interpretation adopted by the Ninth Circuit as "perverse,"[16] "anomalous,"[17] "odd and peculiar"[18] and "an anachronism"[19] that "does not make sense."[20]

The Ninth Circuit purports to justify its disregard of the statute's clear language on the grounds that "the traditional copyright rule provides that a derivative copyright protects only the 'new matter' contained in the derivative work, not the 'old matter'." (App. 26 n. 14).[21]

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16 B. Kaplan, *An Unhurried View of Copyright* 112 (1969).

17 Note, *Renewal Rights, A Statutory Anachronism*, 10 W. Reserve L. Rev. 263, 272 (1959).

18 S. Spring, *Risks & Rights* 95 (1956).

19 Kupferman, *Renewal of Copyright – Section 23 of the Copyright Act of 1909*, 44 Colum. L. Rev. 712, 724 (1944).

20 *Abend v. MCA*, Copyright L. J., Feb. 1989, at 14, 16, 17.

21 This traditional rule, codified in sections 3 and 7 of the 1909 Act (and in §103(b) of the 1976 Act), prevents a derivative work from extending copyright protection for

(Continued on following page)

The Ninth Circuit's reliance on this traditional rule misses the mark. The issue here is not whether the derivative work's copyright "protects" – and hence extends the copyright monopoly in – the old matter incorporated into the derivative work. Rather, the issue is whether the copyright in a derivative work created with the consent of an underlying work's author grants the derivative work owner the right to continue to employ the old matter integrated into his derivative work for the derivative work's full original and renewal copyright terms. The rule that a derivative copyright does not *protect* old matter simply has no relevance to the issue whether the derivative work owner may continue to *use* the old matter incorporated in his work for the full duration of its two consecutive copyright terms.

B. The Second Proviso Of Section 24 Does Not Support The Ninth Circuit's Construction Of The 1909 Act

The Ninth Circuit rests its erroneous holding entirely on the second proviso of section 24. (*See* App. 18-25).[22]

(Continued from previous page)

"old matter" beyond the limited period of the underlying work's initial and renewal copyright terms. *See* 1 M. Nimmer, *Nimmer on Copyright* § 3.04.

22 The second proviso of section 24 reads as follows:

> "The copyright secured by this title shall endure for twenty-eight years from the date of first publication . . . *provided further* . . . that . . . the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years . . . " (emphasis in original).

According to the Ninth Circuit, this statutory language not only vested the short story's renewal copyright in Woolrich's executor upon Woolrich's death, but also extinguished petitioners' rights to continue distributing and exhibiting their separately copyrighted motion picture during the story's renewal copyright term. As a result, holds the Ninth Circuit, respondent now owns, as the assignee of the renewal copyright in the story, an absolute right under section 24 either to veto the continued distribution and exhibition of petitioners' independently copyrighted motion picture, or to recover a judgment awarding him a substantial portion of the motion picture's revenues. (App. 18-25, 36). This holding is unsupported by the statutory language.

Section 24 – when read together with section 7's bestowal of independent copyright status on derivative works – clearly grants both to underlying works and to derivative works the rights to the same consecutive original and renewal copyright terms. The language of section 24 does not discriminate between such works in any way. It does not subordinate the original or renewal copyright term in *any* work to that of another, much less grant to an underlying work's renewal copyright owner the right to veto continued exploitation of independently copyrighted derivative works. Indeed, section 24 does not even *discuss* the relationship between underlying and derivative works. It does no more than define the length of the original copyright term and then create a statutory "hierarchy of people" who may renew the copyright at the end of its original term. *See Miller Music Corp. v. Charles N. Daniels, Inc., supra*, 362 U.S. at 376. There is thus simply no basis in the language of section 24 for relegating the copyright term for a derivative work, created with the express consent of the underlying work's author, to second class status.

Nor, significantly, does the Ninth Circuit cite any specific language in section 24 to support its interpretation of that section. Rather, purporting to rely on *Miller Music*, the Ninth Circuit in effect implies an exception to

the two terms of exclusive rights conferred on derivative work copyright owners by the above-quoted provisions of sections 7 and 24 whenever the author of an underlying work on which a derivative work is based dies before the underlying work's renewal term.

It is, however, well established that "implied exceptions to the express provisions of a statute are not favored."[23] The Ninth Circuit's attempt to construe the statute, by implying terms unexpressed in the statute and negating expressed terms, is thus impermissible, and should be corrected by this Court.

IV.

THIS COURT SHOULD GRANT CERTIORARI TO DECIDE AN IMPORTANT ISSUE OF COPYRIGHT LAW THAT WAS LEFT UNRESOLVED BY THE COURT IN *MILLER MUSIC CORP. V. CHARLES N. DANIELS, INC.*

As noted above, the Ninth Circuit based its interpretation of section 24 primarily on this Court's opinion in *Miller Music Corp. v. Charles N. Daniels, Inc., supra*. (*See* App. 22-25). In *Miller Music*, the Court held that an author's transfer of ownership of the renewal copyright in his work is unenforceable against the statutory successors to the renewal copyright if the author dies before commencement of the renewal term. According to the Ninth Circuit, however, *Miller Music* held that an author's death before the renewal term not only renders unenforceable his outright transfer of a renewal copyright but also renders unenforceable a license by the author to exploit during his work's renewal term a *separately* copyrighted derivative work based thereon. As Judge Thompson's dissent in *Abend* correctly points out, this reading of *Miller Music* is erroneous. (App. 44-45).

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[23] *United Brick & Clay Workers v. Deena Artware*, 198 F.2d 637, 644 (6th Cir. 1952).

Miller Music involved a dispute over ownership of the renewal copyright in a song whose author died before commencement of the renewal term. Plaintiff claimed to own the renewal copyright by virtue of an assignment executed in its favor by the song's author. Defendant claimed ownership under an assignment executed by the persons designated by section 24's second proviso as the statutory successors to the renewal copyright upon the author's death. The case did *not*, however, involve either a derivative work or an interpretation of section 7. Rather, as Rohauer properly observed in distinguishing *Miller Music*, the Court in *Miller Music* merely addressed "the relative rights of persons claiming full assignment . . . of the renewal term" of a *single* copyrighted work. *Rohauer*, 551 F.2d at 490.

In contrast here, as in *Rohauer*, two separately copyrighted works, each capable of being renewed under section 24, are involved. As Judge Thompson's dissent cogently explains, this distinction "is an important one." (App. 45). Where, as here, two valid and separately owned copyrights are involved, the Court must determine whether the statutory rights of one copyright owner are subordinate to the statutory rights of the other. In contrast, where only one copyright is involved – as was the case in *Miller Music* – the primacy of competing statutory rights is not in issue; the Court's only concern is who owns the statutory rights in the single work in dispute. *Id. See also Rohauer*, 551 F.2d at 490.

Because neither competing copyrights nor an interpretation of section 7 was involved in *Miller Music*, it is clear that *Miller Music* could not have resolved the question whether an author's death before the renewal term in his copyrighted underlying work voids, during that entire 28 year renewal term, all of the rights granted by sections 7 and 24 to the creator of an independently copyrighted derivative work. This Court's review is necessary to correct the Ninth Circuit's erroneous contrary conclusion and to settle once and for all the important question left undecided in *Miller Music*.

CONCLUSION

For all of the foregoing reasons, *amici* respectfully submit that the petition for writ of certiorari should be granted.

DATED: August 14, 1989.

Respectfully submitted,

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No. 88-2102

Supreme Court, U.S.
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In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second-Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

On Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

JOINT APPENDIX

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Certiorari Granted October 2, 1989

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CHRONOLOGICAL LIST OF RELEVANT DOCKET ENTRIES

UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA NO. 84-2489 AAH

SHELDON ABEND, d/b/a AUTHORS RESEARCH COMPANY, plaintiff, v. MCA, INC., a corporation, UNIVERSAL FILM EXCHANGE, INC., a corporation, JAMES STEWART and PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, both as Executors of the Estate of Alfred Hitchcock and as Trustees of the Assets of the Estate of Alfred Hitchcock, defendants.

DATE	NR	PROCEEDINGS
4/10/84	1.	Cmplt w/Demand for Jury Trial. Issd Sms. Case may be ref to Mag. Reichmann for disc.
6/21/84	6.	Answer by Deft Patricia Hitchcock O'Connell & Samuel Taylor, Trustee to complt & Demand fr J/T.
	7.	Answer by Deft MCA INC and UNIVERSAL FILM EXCHANGE INC Demand fr J/T.
7/10/84	11.	Answer by Defendant James Stewart to Complaint & Demand for J/T Defts Same as above.
10/31/86	64.	Notc of motn & motn by defts for S/J re *Rohauer* issue, retbl 12/15/86, 10AM. defts LODGED Prop statement of uncontroverted facts & conclusions of law. LODGED Ord.
	65.	Notc of motn & motn by defts for S/J re defects in rear window story copyright, retbl 12/15/86, 10AM. All defts. LODGED Prop stmt of uncontroverted

facts and conclusions of law. LODGED Prop. S/J.

67. Notc of motn & motn for ord granting S/J on the issue of defts' liability; memo of P's & A's in supprt, retbl 12/15/86, 10AM. Pltf Sheldon Abend, doing business as Authors Research Co.

68. Memo of P's & A's in supprt of defts' motn for S/J re defects in rear window story copyright. Defts.

10/31/86 69. Declar of Gene Giaquinto in supprt of defts' motns for S/J. Defts.

70. Declar of Joseph V. DiMuro in supprt of defts' motn for S/J. Defts.

71. Declar of Harry Tatelman in supprt of defts' motns for S/J. defts.

72. Declar of James Stewart in supprt of defts' motn for S/J. Defts.

73. Declar of Joseph S. Dubin in supprt of defts' motns for S/J. Defts.

74. Declar of Samuel Taylor in supprt of defts' motns for S/J. Defts.

75. Declar of Herman Citron in supprt of defts' motns for S/J. Defts.

76. Declar of Louis P. Petrich in supprt of defts' motns for S/J. Defts.

77. Memo of P's and A's in supprt of defts' motn for S/J re *Rohauer* ruling. Defts

78. Declar of Sheldon Abend in supprt of his motn for ord granting S/J on the issue of defts' liability. Pltf.

79. Declar of Peter J. Anderson in supprt of pltf's motn for ord granting S/J on the issue of defts' liability. Pltf.

10/31/86 83. Declar of William Soady in supprt of Defts' motns for S/J. Defts.

11/3/86 130. Exhibit 1079 videocassette of "Rear Window" motn picture. Defts.

11/3/86 80. Exhibit 1080 book entitled "Rear window & four short novels". Defts.

81. Exhibit 1079 videocassette of "Rear Window" motn picture. Defts.

82. Exhibit in supprt of defts' motn for S/J. Defts.

11/18/86 87. Amended exhibits in supprt of defts' motn for S/J. Defts.

11/24/86 88. Second declartn of Louis P. Petrich re pltfs & defts mtns fr S/J. Defts.

89. Declratn of A. Fredric Leopold in sppt. dfts.

90. Second Declratn of Herman Citron in sppt. dfts.

92. Supplmnt to defts' exhs re S/J. Mnts

93. Declratn of Thomas C. Thayer in suppt. dfts.

94. Memo of P/A & declratns in opp. Pltf.

95. Memo of P/A & declratn in opp to dfts mtn fr S/J. Pltf.

11/24/86 96. Statmt of Genuine Iss and Material Facts.

12/1/86 97. Objections to & Motn to Strike defts' new "Motn for S/J re fair use doctrine." Pltf.

12/4/86 98. Notc of motn & motn by defts for S/J on the fair use defense, flg granted, retbl 3/23/87, 10AM. Defts.

101. Memo of P/A in opp to pltf's motn for S/J on the issue of liability, & in supprt of defts' cross-motn on the fair use defense. Defts.

12/9/86 102. On the Court's own motion, for the benefit of the parties and attorneys, and upon good cause shown,

It is ordered as follows: 1) defendants' notice of motion and motion for summary judgment on the fair use doctrine shall be filed forthwith; 2) plaintiff's objections to defendants' motion for summary judgment on the fair use doctrine are overruled, and plaintiff's motion to strike is denied; 3) hearing date on all motions for summary judgment (one by plaintiff and three by defendants) is herewith continued from December 15, 1986 to March 23, 1987 at 10:00 a.m.; 4) pre-trial is herewith continued from March 16, 1987 to April 20, 1987 at 10:00 a.m.; 5) jury trial date remains set for May 5, 1987 at 9:30 a.m.; 6) briefing dates on plaintiff's one motion for summary judgment and defendants' first two motions for summary judgment (1) issue of defects in Rear Window story copyright; 2) issue of *Rohauer* decision and rationale) shall remain as presently set and briefs have already been filed therein on October 31, 1986; 7) briefs in support of and opposition to defendants' third motion for summary judgment (issue of fair use doctrine) shall be filed on or before: a) plaintiff's brief in opposition to defendants' motion for summary judgment shall be filed on or before 1-5-87; defendants' response shall be filed on or

before 2-5-87; plaintiff's reply shall be filed on or before 2-16-87.

1/30/87 104. Declarn of Leland Faust in supprt of defts' motn for S/J re Rohauer ruling. Defts. (Filed Under Seal).

105. Declarn of Salvatore Dinolfo in supprt of defts' motns for S/J. Defts. (Filed Under Seal).

106. Reply to pltf's opp to defts' motn for S/J re Rohauer ruling. Defts. (Filed Under Seal).

1/30/87 107. Memo of P's & A's in opp to defts' motn for S/J re "Fair Use' defense. Pltf.

108. Memo of P/A & declarns in reply to defts' opp to motn for S/J on the issue of defts' liability. Pltf.

109. Declr of Lew R. Wasserman. Defts.

110. Third declarn of Herman Citron in supprt of defts' motns for S/J. Defts.

111. Declarn of Paul Killiam in supprt of defts' motns for S/J in opp to pltf's motn for S/J. Defts.

112. Third declarn of Louis P. Petrich in supprt of defts' motns for S/J in opp to pltf's motn for S/J. Defts.

113. Third book of exhibits in supprt of defts' motns. Defts.

115. Reply to pltf's opp to defts' motn for S/J re defects in rear window story copyright. Defts.

2/17/87 116. Objections by defts to certain evidence offered by pltf on pending motns for S/J. Defts.

2/17/87 117. Reply to pltf's opp to defts' cross-motn for S/J re fair use defense. Defts. (Filed Under Seal).

118. Fourth declarn of Louis P. Petrich. Defts. (Filed Under Seal).

3/16/87 121. Suppl declar of Sheldon Abend. Pltf.

3/24/87 122. Declar accompanying pltf's complete set of exhibits re pending motns. Pltf.

3/23/87 123. Defts' motn for S/J granted on Fair Use Defense & Rohauer issue. Pltf's motn for S/J on liability is denied. MO. (V.M.).

3/23/87 124. S/J (Rohauer) ORD tht pltf take nothing by his complt agnst MCA Inc., Universal Film Exchanges, Inc., James Stewart, & Patricia Hitchcock O'Connell & Samuel Taylor, as co-trustees of the Second (Residuary) Trust under the last Will of Alfred J. Hitchcock, or any of them, and tht the actn is dismissed on the merits in its entirety; defts MCA Inc., Universal Film Exchanges, Inc., James Stewart, & Patricia Hitchcock O'Connell and Samuel Taylor, as co-trustees of the 2nd (Residuary) Trust under the last Will of Alfred J. Hitchcock, shall recover their costs of actn agnst pltf Sheldon Abend in the sum of $ ___. (ENT 3/27/87) Mld N/E stampd cpy ptys.

3/23/87 125. S/J re fair use defense, & ORD tht pltf take nothing his complt agnst MCA Inc., Universal Film Exchanges, Inc., James Stewart, & Patricia Hitchcock O'Connell & Samuel Taylor, as co-trustees of the 2nd (Residuary) Trust under the last Will of Alfred J. Hitchcock, or any of them, & tht the actn is dismissed on the

merits in its entirety; defts MCA Inc., Universal Film Exchanges, Inc., James Stewart, & Patricia Hitchcock O'Connell & Samuel Taylor, as co-trustees of the 2nd (Residuary) Trust under the last Will of Alfred J. Hitchcock, shall recover their costs of actn agnst pltf Sheldon Abend in the sum of $ ___. (ENT 3/27/87) Mld N/E stampd cpy ptys.

4/ 1/87 128. Pltf fld notc of appl to 9th CCA frm sumry jdgmnt entrd. 3/27/87 & frm ord. for smry jdgmnt entrd. 3/23/87. $70.00 fing & doc fee pd.

1/30/87 129. Fld frm Paul Smith re "Rear Window" advertisements (offered in connection with pltf's reply on his motn for S/J re defts' liability, 1/30/87).

4/14/87 131. Defnd. (s) MCA, Et al., Fld Notc of Cross Appl to 9th CCA Frm Smry Jdgmnt Lodged on 3/24/87. Fees Paid.

4/15/87 133. Ord tht the motn of defts S/J on the ruling is hereby granted; the motn of defts S/J based on the fair use defense is hereby granted; the motn of defts for S/J based on defects in the cpyright of the REAR WINDOW story is hereby denied. (ENT 4/20/87) Mld N/E stampd cpy ptys.

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT Nos. 87-5780, 87-5833 and 88-5922

SHELDON ABEND, d/b/a AUTHORS RESEARCH COMPANY, Plaintiff, Appellant and Cross-Appellee v. MCA, INC., a corporation, UNIVERSAL FILM EXCHANGE, INC., a corporation, JAMES STEWART AND PATRICIA HITCHCOCK O'CONNELL AND SAMUEL TAYLOR, both as Executors of the Estate of

Alfred Hitchcock and as Trustees of the Assets of the Estate of Alfred Hitchcock, Defendants, Appellees and Cross-Appellants.

DATE*	PROCEEDINGS
12/4/87	Brief of Appellant Sheldon Abend
1/27/88	Brief of Appellees and Cross-Appellants
1/27/88	Brief Amicus Curiae submitted by Columbia Pictures Industries, Inc., DeLaurentiis Entertainment Group, Inc., MGM/UA Communications Co., Orion Pictures Corporation, Paramount Pictures Corporation, Twentieth Century Fox Film Corporation, The Walt Disney Company and Warner Bros. Inc.
1/26/88	Brief of Turner Entertainment Co. as Amicus Curiae
4/1/88	Reply Brief of Appellant and Cross-Appellee Sheldon Abend
4/18/88	Reply Brief of Appellees and Cross-Appellants
6/29/88	Order directing parties to file simultaneous supplemental briefs regarding injunctive relief.
7/13/88	Supplemental Brief of Appellant and Cross-Appellee Sheldon Abend
7/15/88	Supplemental Brief of Appellees and Cross-Appellants

*Because of the recent San Francisco earthquake, counsel have not been able to obtain a copy of the docket from the Court of Appeals. The dates given above are approximate.

8/8/88	Letter dated August 8, 1989 submitted by Appellees and Cross-Appellants re *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988)
9/7/88	Order granting Motion to File Letter re *Cohen v. Paramount Pictures Corp.*
9/23/88	Plaintiff's Response to Defendants' Letter regarding *Cohen v. Paramount Pictures Corp.*
12/27/88	Opinion of the court of appeals
1/10/89	Petition for Rehearing and Suggestion for Rehearing En Banc by Appellees and Cross-Appellants
1/10/89	Brief Amicus Curiae submitted by Columbia Pictures Industries, Inc. etc. in support of Petition for Rehearing and Suggestion for Rehearing En Banc
4/13/89	Order denying Petition for Rehearing and Rejecting Suggestion for Rehearing En Banc

[EXHIBIT 1016]

AGREEMENT made this 29th day of October, 1971, by and between THE CHASE MANHATTAN BANK, N.A., as Executor of the Estate of Cornell Woolrich, of One Chase Manhattan Plaza, in the City, County and State of New York (hereinafter referred to as "ASSIGNOR"), and AUTHORS RESEARCH COMPANY, having its principal place of business at 52 Vanderbilt Avenue, in the City, County and State of New York (hereinafter referred to as "ASSIGNEE").

In consideration of the covenants and conditions herein contained and other good and valuable considerations, IT IS HEREBY AGREED AS FOLLOWS:

1. Cornell Woolrich, sometimes also known under the pseudonym of William Irish (hereinafter referred to as the "Author") wrote certain dramatic writings and material which first were published in the United States of America in February, 1942 in "Dime Magazine", Volume 38 - Issue No. 3 under the title IT HAD TO BE MURDER, and copyrighted as part of that magazine in the name of Popular Publications, Inc., on behalf of the Author, under Entry No. B-528177 on January 2, 1942 (hereinafter referred to as the "Property"),

(a) On April 6, 1943, Popular Publications, Inc. assigned all of its right, title and interest in and to the story IT HAD TO BE MURDER to Cornell Woolrich. The aforesaid assignment was duly recorded in the Assignment Volume of the Copyright Office in Volume 648, page 181, on November 13, 1947;

(b) The Property, under the title REAR WINDOW, together with five (5) other separate stories written by the Author, subsequently was published by J.P. Lippincott Company in association with Story Magazine, Inc., in the United States of America in a book entitled AFTER DINNER STORY. Said book was copyrighted in the name of the Author using his pseudonym of William Irish on the date of October 4, 1944 under Entry No. A2-188507;

(c) The Author, by written agreement dated May 16, 1945, sold, assigned and transferred to B.G. De Sylva Productions, Inc., all the motion picture and certain other rights in and to the Property, upon the terms and conditions set forth in such agreement. Such agreement is hereinafter referred to as the "Basic Agreement". A copy of the Basic Agreement is attached hereto marked Exhibit "A" and hereby made a part hereof;

(d) On September 25, 1968 the Author died while a resident of the City, County and State of New York, leaving a will which was duly submitted for probate in New York County on January 16, 1969. The Chase Manhattan Bank, N.A. was named as Executor under such will and on January 16, 1969 Testamentary Letters were issued to it and duly recorded in New York County;

(e) The Chase Manhattan Bank, N.A., as Executor of the Estate of Cornell Woolrich, renewed the United States copyright in and to the Property on December 29, 1969 under Entry No. R-475565. By such renewal, ASSIGNOR became invested with all rights in, to and under the Property under the United States renewal copyright thereof, thereafter vested in the Chase Manhattan Bank, N.A., notwithstanding the terms of the Basic Agreement,

by virtue of the death of the Author during the original term of the United States copyright of the Property;

(f) By reason of all of the foregoing, ASSIGNOR has the full right, power and authority to make the grant provided for herein and fully to perform this agreement in all respects.

2. ASSIGNOR hereby grants, sells, assigns, confirms and sets over to the ASSIGNEE for the period commencing on January 3, 1970 and continuing thereafter throughout the renewal period and any and all enlargements or extensions thereof enacted at any time hereafter of the United States renewal copyright in the Property and all versions thereof, each and all of the same licenses, privileges, property and interests in and with respect to the Property as were originally granted to B.G. De Sylva Productions, Inc. or its assignees under and pursuant to the Basic Agreement insofar as such rights, licenses and privileges pertain to and derive under the renewed copyright of the Property, and ASSIGNOR does hereby further confirm and agree that ASSIGNEE hereby has acquired and shall own, possess and be vested with each and all of such rights, licenses and privileges exclusively and with the same force and effect as if each and all were fully and at length set forth herein. Without limiting the generality of the foregoing, such rights shall include the right to televise the Property and any and all Photoplays based thereon, in whole or in part and in any and all forms, the right to any and all claims, causes or choses in action arising out of or existing or which hereafter may arise out of or exist by reason of any unauthorized use of the Property or any version or part thereof, during the renewed period of the copyright of the Property.

3. ASSIGNOR will cause further renewals and extensions of the United States copyright to the Property and all component parts thereof duly to be obtained when required or desirable. If the present copyright law of the United States of America shall be amended, changed or a substitute copyright law is enacted so that the term of the copyright is extended or enlarged, ASSIGNOR agrees that ASSIGNEE forthwith and automatically shall become entitled to all the rights hereby conveyed, granted and assigned to ASSIGNEE for such extended or enlarged term.

4. ASSIGNOR hereby appoints ASSIGNEE, its successors and assigns its irrevocable attorney-in-fact, with the right, but not the obligation, to execute, deliver and file, on behalf of ASSIGNOR and in the name of ASSIGNOR, or otherwise, all documents and to do all acts necessary for the obtaining of such extension or renewal and confirming and assigning to ASSIGNEE [of] the rights herein granted ASSIGNEE for such renewed or extended periods of copyright.

5. ASSIGNOR will execute and deliver to ASSIGNEE all further documents reasonably required by ASSIGNEE from ASSIGNOR to vest in ASSIGNEE, to perfect in ASSIGNEE the rights, titles, privileges and interests hereby conveyed or intended to be conveyed to ASSIGNEE.

6. ASSIGNOR agrees that it has not entered into any agreement, given any consent, or made any grant or other disposition to any person, firm or corporation of any right, title or interest in or under the renewed copyright of the Property inconsistent with or contrary to any of the

rights, licenses, privileges and/or interests herein granted or agreed to be granted to ASSIGNEE, and that the rights granted ASSIGNEE hereunder are free and clear of any lien, claim, charge or encumbrance.

7. In full consideration of the grants and transfers made by ASSIGNOR hereunder, ASSIGNEE hereby agrees to pay ASSIGNOR the sum of one ($1.00) dollar and other good and valuable consideration upon the execution thereof. Payment when so made shall constitute payment in full for all rights and transfers herein to ASSIGNEE.

8. This agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, the parties have caused this agreement to be executed as of the day and year first above written.

THE CHASE MANHATTAN BANK, N.A., as Executor of the Estate of Cornell Woolrich

By:/s/
Second Vice President
Assignor

AUTHORS RESEARCH COMPANY

By:/s/
Sheldon Abend
Assignee

[Notary Page Omitted]

EXHIBIT 1017, PAGE 1 of 1

Authors Research Company

Representing American and Foreign Literary Properties

52 VANDERBILT AVENUE – NEW YORK. N. Y. 10017 – MURRAY HILL 6-6333-4

SHELDON ABEND
Executive Director

October 29, 1971

SUPPLEMENTARY LETTER AGREEMENT

The Chase Manhattan Bank, N.A.,
as Agent for the Estate
Of Cornell Woolrich.
One Chase Manhattan Plaza
New York, New York

Re: IT HAD TO BE MURDER

Gentlemen:

I have reference to the Agreement between us of even date herewith relating to the above-captioned subject matter.

Wherein it recites that you are to receive One ($1.00) Dollar and other good and valuable consideration in such Agreement, it is our understanding that the other good and valuable consideration is the payment to you of the sum of Six Hundred Fifty ($650.00) Dollars and, additionally ten (10%) percent of the gross revenues that the undersigned receives as its share of any and all monies from the exploitation of the remake rights of the above-captioned literary work in any and all media shall be paid to you.

This was not recited in the basic Agreement, which is for recording purposes.

Accordingly, you are to be and will be paid the additional sum of Six Hundred Fifty ($650.00) Dollars upon the execution by the undersigned of such Agreement as hereinabove referred to.

Very truly yours,

AUTHORS RESEARCH COMPANY

/s/ Sheldon Abend,
Sheldon Abend,
Executive Director

EXCERPTS FROM DEPOSITIONS

Deposition of Alfred Hitchcock

[35] Q. [By Mr. Stream] Would you be good enough to turn the pages and glance as you did in the Answers to Interrogatories and tell me whether or not you recognize that as the story which Lou Wasserman showed you at the time; not perhaps in that particular issue but as the same story.

A. I wouldn't know.

Q. You wouldn't deny the possibility?

A. Possibility.

Q. Did you look at it just now, Mr. Hitchcock?

A. Yes, but I looked at it like I would any other story I'm going to make into a picture. That is to say, I read it once, and I throw it away, because I make a picture. I do not make a book into a picture. There's a big difference here.

[36] Q. Yes. We will get to that later.

A. That's why they're called Hitchcock films and not Woolrich films.

Q. I see.

* * *

[37] Q. [By Mr. Stream] Now, what did you do with this story, whatever the form took, which Lou Wasserman gave to you and that you glanced over or read?

A. I read it. I engaged a writer.

Q. Immediately after reading it?

A. Just read it.

Q. Did you call up Mr. Wasserman or visit with him [38] or discuss –

A. Yes. I said, "Yes, okay. I'll go ahead."

Q. Then you called up a writer, you say?

A. Yes. I engaged a writer.

Q. Do you remember his name?

A. John Michael Hayes, and the writing was done in my office with his typewriter in my office, and there are many witnesses if you need that.

In other words, I dicate [sic] the picture. I do not hand that book to the writer and say, "Make a screen play of this," which is a custom of the business, but it doesn't apply to me because I make a special type of film, and I dictate to him what I want to go into the story, and just as a matter of interest, the reason that is done is because I want it done in my way, in my style, and I would say in that process there is 20 percent Cornell Woolrich and 80 percent Hitchcock.

If you wish me to cite examples, I will be delighted to do so.

Q. Did you dictate this story to a stenographer?

A. No. To the man sitting there at his typewriter.

Q. You mean to John Michael Hayes?

A. To John Michael Hayes, certainly.

Q. The man who in Plaintiff's Exhibit 3 for identification – which is the main title billing for REAR WINDOW – is listed as the author of the screenplay?

A. That is right.

Q. You say you dictated that to him?

[39] A. I am actually a writer-producer and director, but I never take credit for it.

* * *

Q. [By Mr. Stream] You say you dictated that to him?

A. Yes, but I must tell you that there is a certain meaning to the word "dictated."

Q. You tell me how you dictated the story.

A. It is not like dictating to a stenographer.

Q. That is what I want to find out. Tell me how you dictated –

A. Talk it over –

Q. Let me finish the question, please.
– the story you read to John Michael Hayes.

A. Yes.

Q. Tell me how you did that.

A. We talked over certain things. I said, "There's [40] no woman in this story. We've got to put a woman in."

Q. Did you have the story in front of you while you talked about –

A. No, of course not. Threw it away.

Q. Threw it away?

A. Yes.

Q. Didn't give it back to Mr. Wasserman; threw it away?

A. Didn't bother. I'm going to make a picture out of it, out of the basic idea.

Q. I see.

Continue to relate what you started to relate.

A. Well, we added a woman to the innumerable characters in the various rooms, all created, none of which was in the book. We engaged a woman masseur played by Thelma Ritter. She was an additional character. I made the leading man a photographer.

Q. What was he in the story; do you recall?

A. I haven't the faintest – can't remember.

Q. When did you read the story the last time, Mr. Hitchcock?

A. Oh, I would say about 1952.

Q. That was on the occasion when Mr. Wasserman sent it to you?

A. Right.

Q. Since that date to this very day, you have never read it again; is that a fact?

A. [No audible response.]

---

[41] Q. Is that a fact?

A. Absolutely.

Q. Have you completed your answer to the question, or did I interrupt you?

You told us about Thelma Ritter, I believe.

A. Yes. Well, et cetera, et cetera and et cetera; meaning there were innumerable things put into the picture which were not in the short story.

Q. Well, give us some more examples. I would like to have these et ceteras on the record.

A. Well, there's – we had a musician. We had a couple with a dog. A heavy in the story killed the dog – murder, in other words, and I also included the essence of two famous English cases.

One was the case of Dr. Crippen, the first man ever to be arrested by radio at sea. He was uncovered because he gave his wife's jewelry to his secretary, and that was his uncovering. A wife doesn't go away and leave her jewelry behind. That was inserted into the story.

* * *

Deposition of Bridget Potter

* * *

[21] Q. I think you've already identified Leonard Gershe. He apparently did at least one script for the HBO production of "Rear Window"?

A. Yes.

Q. Did you read that?

A. Yes, I did.

* * *

Q. Did you ever have any occasion to compare Mr. Gershe's version of "Rear Window" with the –I'll [22] call it the Alfred Hitchcock movie version?

A. Yes, I did.

Q. Did you come to any conclusions as to whether there were any differences between the two?

A. I came to the conclusion that the film was infinitely superior to the script.

Q. Why was that? What was your basis for that?

A. Well, it's a classic film, and this was a fairly pedestrian script, and that's the – it was a subjective judgment, but that's what I'm paid for.

Q. Did you notice any difference in terms of the major roles in the two works?

A. I don't recall. I really do not recall.

Q. Do you recall whether there were any attempts to cast the HBO version of "Rear Window"?

A. There were many attempts to cast the HBO version of "Rear Window."

Q. Do you recall any attempt to cast Katharine Hepburn as the leading –

A. I don't specifically recall. It would seem logical since the Landaus had a relationship there that there might have been a conversation about that, as there were with them about her and a number [23] of projects.

Q. Do you recall any reactions you got in attempting to cast the role?

A. We did not cast Katharine Hepburn in the role.

Q. How about any of the other attempts to cast?

A. We failed to cast the piece in a manner satisfactory to Home Box Office.

Q. Do you know any reason for that? Were you given any reasons?

A. Frequently the producers who were helping us with this, the Landaus, said to me that people were concerned about being in something that had been so successful in another version that they wouldn't want to be compared to the original performers and so on on. That's conjecture. However, this was discussed.

Also the script wasn't very good. We knew that.

* * *

[40] Q. Did there come a time in particular when HBO made a specific decision not to produce it or not to have it produced, or did it just sort of –

A. It just sort of fizzled. Our rights, I think, expired and along with them our interest in seeing it done.

Q. Were there any reasons for not producing it other than as you have previously explained?

A. No other reasons.

Q. Did you become aware of the rerelease of the "Rear Window" motion picture staring Jimmy Stewart in late 1983?

A. Yes, I did.

Q. Did the fact that the motion picture was rereleased at that time have anything to do with HBO's decisions about its "Rear Window" project?

A. No, not with HBO's decisions, no.

* * *

[57] Q. Do you have any understanding as to the success or lack of success at the box office of the motion picture "Rear Window" when it was released?

A. I have no knowledge of that.

Q. At the time that the "Rear Window" project at HBO fizzled, as you put it, were you aware that the motion picture "Rear Window" had been or was about to be released?

A. I don't remember the two things in conjunction with each other. I remember the rerelease of the motion picture and I remember the fizzling of the two projects – of the project at HBO, but those two things are not tied together in my recollection.

Q. As you are sitting here now, do you have an opinion as to whether the rerelease of the motion picture "Rear Window" would help or hinder the project that HBO was contemplating pursuing with "Rear Window"?

A. Let me answer this question in this way: We couldn't get a cast.

[58] In my opinion, there were two significant reasons for our not being able to get a cast. One was that the script wasn't very good. The other was that there was a movie, an old movie, that was brilliant, and no actor or actress wanted to put themselves up in comparison with it.

That's why I think we weren't able to get it done, the cast problem at HBO. Those were the two reasons. The existence of – it was a remake, and it's very hard to cast a remake of a classic film. Very few people will, you know, want to be compared to great performances from a classic Hitchcock film. So it became very difficult.

The rerelease of the picture, in my opinion, didn't have anything to do with an actor's reluctance to take on a part that had been played in a classic film. That film existed whether it was rereleased or not. It's a classic film. That's my opinion.

* * *

Deposition of Mitch Douglas

* * *

[41] So that we can have an understanding of you as a representative or authors, could you give me a representative list of the type of people that you do represent?

A. Well, some of my clients, past and present, are Studs Terkel, Tennessee Williams, Garry Trudeau, Anne

Edwards, Graham Greene on certain [42] properties in the United States, Richard Frede who wrote "The Interns," Richard Yates, well-known novelist Elaine Dundy, biographer Jerome Lawrence and Robert E. Lee, playwright.

Q. You were representing these people in 1982, 1983?

A. Thereabouts.

Bill C. Davis, "Mass Appeal," Ed Grazyk, "Come Back To The Five And Dime, Jimmy Dean, Jimmy Dean."

Q. I take it that you read both of Mr. Gershe's versions of the play?

A. That's correct.

Q. Did you form an opinion as to the quality of the first part that he wrote?

A. Yes.

Q. What was your opinion?

A. I thought it was very good.

Q. The version that's been called the no-frills version, did you form an opinion as to the quality of that play?

A. I thought that was very good too.

* * *

Deposition of Edythe Landau

* * *

[23] Q. At some point was the REAR WINDOW project abandoned by you?

A. Basically it was abandoned by HBO because HBO made the decision not to do any more theater pieces. They felt that they were not well received by their audiences. They did not garner the ratings that the expenditures warranted, and they pretty much decided not to do any more theater pieces.

[24] Q. You were told this by HBO?

A. Yes.

Q. Do you recall who at HBO told you?

A. I believe Bridget Potter. Maybe Michael Fuchs did. Maybe both.

Q. When were you told that HBO had decided to discontinue the REAR WINDOW project and the theater series?

A. I really don't know. I think it was probably sometime after we did MR. HALPERN AND MR. JOHNSON for them.

Q. Were you ever told that HBO's decision not to proceed with REAR WINDOW had anything to do with the rerelease of the Alfred Hitchcock motion picture REAR WINDOW?

A. No.

* * *

UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY, Plaintiff-Appellant, vs. MCA, INC.; UNIVERSAL FILM EXCHANGE, INC.; JAMES STEWART; PATRICIA HITCHCOCK O'CONNELL, AS CO-EXECUTOR OF THE ESTATE OF ALFRED HITCHCOCK; SAMUEL TAYLOR, AS CO-EXECUTOR OF THE ESTATE OF ALFRED HITCHCOCK AND AS CO-TRUSTEE OF THE ASSETS OF THE ESTATE OF ALFRED HITCHCOCK, Defendants-Appellees.	)	Nos. 87-5780; 87-5833; 87-5922 ORDER (Filed April 13, 1989)

Before: PREGERSON AND THOMPSON, Circuit Judges, and PAUL G. ROSENBLATT, District Judge

Judges Pregerson and Rosenblatt voted to deny the petition for rehearing. Judge Pregerson voted to reject the suggestion for rehearing en banc and Judge Rosenblatt recommends such rejection. Judge Thompson voted to grant the petition for rehearing and the suggestion for rehearing en banc.

The full court has been advised of the suggestion for rehearing en banc and no active judge has requested an en banc hearing. Federal Rule 35(b).

The petition for rehearing is denied and the suggestion for rehearing en banc is rejected.

Supreme Court, U.S.
FILED
NOV 16 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-2102

In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXHANGES, INC.,

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

On A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

BRIEF FOR THE PETITIONERS

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QUESTIONS PRESENTED

Section 24 of the 1909 Copyright Act (as extended in part by section 304(a) of the 1976 Copyright Act) grants two consecutive terms of copyright for works created before 1978. Under this two-term scheme, if an author dies during the first term and before renewal, a statutory successor is entitled to renew. Section 7 of the 1909 Copyright Act (reenacted as section 103 of the 1976 Copyright Act) gives the same section 24 rights to an author who, with consent, uses protectible parts of one or more underlying works ("prior works") to create a new work ("derivative work"). The questions presented involve a frequently occurring circumstance: (a) the author of a prior work (here, a short story) authorized another author to create and distribute a derivative work (here, the motion picture Rear Window) during the prior work's first and renewal terms, but, (b) before renewal, the author of the prior work died and that work's copyright was renewed by a statutory successor.

1. Under section 24 of the 1909 Copyright Act (as partially reenacted by the 1976 Copyright Act), does the fortuity of the death of a prior work's author (and renewal of that author's copyright by a statutory successor) extinguish rights of a derivative work's owner, arising from section 7 and the prior author's grants, to distribute the separately copyrighted derivative work during the prior work's renewal term?

QUESTIONS PRESENTED-Continued

2. Does succession to the renewal copyright entitle a prior author's successor to suspend the derivative work owner's section 24 right to exploit an independently copyrighted derivative work created with the prior author's consent?

3. If section 24 inadvertently gave a statutory successor of a prior work's author the right to prevent or punish the continued distribution of a derivative work because of the death of the prior work's author, may distribution of the derivative work nevertheless continue under the doctrine of "fair use"?

LIST OF PARTIES

The parties to the proceedings below are petitioners James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor as co-trustees of the Second Residuary Trust of the Last Will of Alfred Hitchcock, MCA Inc., and Universal Film Exchanges, Inc.,[1] and respondent Sheldon Abend. The petitioners were appellees in court of appeal docket Nos. 87-5833 and 87-5922 and cross-appellants in No. 87-5780 in the consolidated appeals below; respondent Abend was appellant and cross-appellee, respectively. There were no other parties.

---

[1] Petitioners MCA Inc. and Universal Film Exchanges, Inc. have previously made the listing required by Rule 28.1 in the Petition for Writ of Certiorari, at iii. Quantum Media, Inc. may be omitted from that list.

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OPINIONS BELOW

The December 27, 1988 Opinion of the court of appeals ("the Opinion") is reported at 863 F.2d 1465, and is reprinted in the Appendix to the Petition for Certiorari ("Pet.App.") 1. The summary judgments of the district court, without opinion, were unreported. Pet.App. at 54-58.

JURISDICTION

The Opinion and judgment of the court of appeals were entered on December 27, 1988. A timely petition for rehearing and a suggestion for rehearing *en banc* were denied and rejected on April 13, 1989. Joint Appendix ("J.A.") 28. The petition for a writ of certiorari was filed on June 23, 1989 and was granted on October 2, 1989. The jurisdiction of this Court rests upon 28 U.S.C. § 1254 (1).

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

The pertinent portions of Article I, section 8 of the Constitution, the First Amendment, sections 1, 5, 7, 24 and 28 of the Copyright Act of 1909, as amended, and sections 103, 106, 107, 203, 302, 304, 502, 503, 504 and 505 of the Copyright Act of 1976 are reprinted in the appendix ("App.") to this brief.

STATEMENT OF THE CASE

1. The Statutory Setting.

The undisputed facts and the relevant rulings are best understood in the context of their setting against the 1909 and 1976 Copyright Acts.

The Copyright Act of 1909

Under the 1909 Act, as amended,[2] section 7 established separate and independent copyright protection

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[2] All references to the 1909 Act are to the Act as amended as of 1976, 17 U.S.C. §§ 1 *et. seq.* (1976 ed.) (superseded 1978).

(Continued on following page)

"under the provisions of this title" for new works, including a new work that incorporated, to some extent, one or more copyrighted works "when produced with the consent of the proprietor of the copyright in such works, [*i.e.*, a derivative work]."[3] 17 U.S.C. § 7 (1976 ed.);[4] *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 157-58 (1985)("*Mills Music*").

Section 24 provided for two consecutive, 28-year copyright terms (initial and renewal) for all works subject to copyright. Congress intended the two-term scheme as (1) a lapsing device to enhance public access to works that were not renewed, and (2) a means to give authors a second chance to market their works. H.R. Rep. 60-2222, 60th Cong., 2d Sess., at 14-15 (1909). Even so, an author could transfer an interest in all or a part of the author's contemplated renewal term during the first term of copyright. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 657 (1943) ("*Fred Fisher*"). During the 27th year of the initial term, the "author"[5] was entitled to

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(Continued from previous page)

Sections 7, 24 and 28 were originally enacted as sections 6, 23, and 42, ch. 320, Act of March 4, 1909, ch. 320, 35 Stat. 1075, 1077, 1080 and 1084 and renumbered when codified, Act of July 30, 1947, ch. 391, 61 Stat. 652, as 17 U.S.C. §§ 7, 24 and 28. Section 5 was amended by the Act of August 12, 1912, 37 Stat. 488, ch. 356, to provide for the registration of motion pictures.

[3] Although all works are derived in some degree from prior works, a work is considered a "derivative work" in the technical sense if it would constitute an infringement if produced without the consent of the prior work's proprietor. 1 M. & D. Nimmer, *Nimmer On Copyright*, § 3.01 (1989) ("*Nimmer*").

[4] Section 7 was in effect reenacted in the 1976 Act, Pub.L. No. 94-553, 90 Stat. 2541, 2545 as section 103, codified as 17 U.S.C. § 103. *See* discussion at note 25, *infra*.

[5] Certain works originally copyrighted by "proprietors" were renewable by "proprietors" under section 24 (first proviso). App. 5.

obtain the "renewal" term (or, if the author died before the renewal period, the author's statutory successors in this order: spouse and children; executor; next of kin).[6]

The Copyright Act of 1976

Although the major revision of the copyright law enacted in 1976 fundamentally redefined the duration of copyright for post-1977 works – creating a single term for an author of life plus 50 years, 17 U.S.C. § 302(a) – Congress *retained the two-term scheme as to copyrights still in their initial term as of the effective date of the Act.*[7]

To continue the "second chance" purpose of the discarded two-term scheme *for post-1977 works*, the 1976 Act provides an inalienable right of termination. Where an author grants one or more of his or her statutory rights of copyright to another, the author (or specified heirs) may terminate the grant after a specified time. *Grants made after 1977* may be terminated after 35 years. 17 U.S.C.

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[6] The 1909 Act did not state what effect, if any, renewal by the statutory successor of a deceased author would have on the continued exploitation of a derivative work created in reliance on the author's promise to grant the right to use the derivative work during the prior work's renewal term. A great deal of speculation addressed, but no definitive decision decided, that issue until 1977, one year after enactment and one year before the effective date of the 1976 Act. *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 494 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)(holding that a derivative work may continue to be exploited). *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 176-77 n.45, 183 n.7 (1985). The court of appeals in this case expressly refused to follow *Rohauer*.

[7] Act of October 19, 1976, Pub. L. 94-553, 90 Stat. 2541, 17 U.S.C. §§ 101 *et seq*. The Act became effective on January 1, 1978. Those works in their initial term were given a 47-year renewal term – an additional 19 years were tacked onto the 28-year renewal under the prior Act. 17 U.S.C. § 304(b)(1977). The 1909 Act – as continued by the 1976 Act – will require renewals until the year 2005. Renewals in 2005 will expire in 2052. Note 64, *infra*.

§ 203(a)(3). Similarly, *pre-1978 grants* may be terminated after the end of the first 56 years of the copyright terms – such termination to affect only the additional 19 years tacked onto the 1909 Act's 28-year renewal term by the 1976 Congress. 17 U.S.C. §§ 203(b)(1) and 304(c)(3). *See Mills Music*, 469 U.S. at 161-62 (1985).

This new statutory termination right is subject, however, to an important exception. A derivative work authorized by a grant from the owner of a prior copyright may "continue to be utilized under the terms of the grant after its termination . . . " 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music*, 469 U.S. at 161 (construing royalty obligations under the exception). This is the same result reached under the 1909 Act in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977) (*"Rohauer"*), but rejected by the Ninth Circuit court of appeals in this case by its holding that continued use of the derivative work is unlawful.

2. The Undisputed Facts In This Case.

Cornell Woolrich authored a short story (the "Short Story") entitled "It Had To Be Murder" (later retitled "Rear Window"), first published in the February 1942 issue of Dime Detective Magazine. R. 87:[8] Ex. 1029. The entire issue of the magazine was registered for copyright in the name of the proprietor, Popular Publications. R. 1, ¶¶ 6-7; R. 87: Abend Ans. RFA 55-58 and Exs. 1001, 1002.

In 1943, Popular Publications assigned to Woolrich all rights in the Short Story except magazine publication rights.[9] In 1945, Woolrich assigned exclusive worldwide

[8] References to "R." are to the docket numbers of the Clerk's Record on Appeal in the Ninth Circuit Court of Appeals.

[9] R. 87: Ex. 1003, Abend Ans. RFA 59, Abend Amd. Ans. RFA 114; R. 1, ¶8.

motion picture rights in the Short Story and five other short stories to B.G. DeSylva Productions, Inc. for a lump sum payment of $9,250[10] for the initial and renewal copyright terms. R. 87: Ex. 1004, ¶¶ 3, 7, 8 (excerpted in Pet.App. at 78), Ex. 1083, Abend Ans. RFA 113.

In 1953, the actor, Jimmy Stewart, and the director, Alfred Hitchcock, formed a production company, Patron, Inc. ("Patron"), to produce the motion picture, Rear Window (the "Film"). Patron acquired the exclusive worldwide motion picture rights in the initial and renewal terms of the copyright in the Short Story, as well as a story treatment written by Joshua Logan, for $10,000 from a successor to Woolrich's assignee. R. 1, ¶9; R. 87: Exs. 1005-1010, Abend Ans. RFA 61; R. 112, ¶ 3; R. 113: Exs. 1087, 1088. Hitchcock and the screenwriter, John Michael Hayes, substantially revised the Short Story (the prior work), adding major characters and events, and Hayes wrote a screenplay with virtually all new dialogue.[11] In 1953 and 1954, Patron produced and copyrighted the Film (the derivative work), directed by Alfred Hitchcock, starring James Stewart and Grace Kelly, and based in part on Woolrich's Short Story. R. 87: Ex. 1010; Abend Ans. RFA 62-64. From about 1954 to 1962, Paramount Pictures Corporation ("Paramount") distributed the Film in

[10] The contract did not allocate the price; the purchasing power of such payment in 1987 was between $58,600 and $112,100. R. 101, at 27.

[11] The Short Story constitutes about 20% of the Film's *story*. R. 80: Ex. 1080, at xiii-xv; R. 113: Ex. 1055 (Film's script); R. 87: Ex. 1029 (the Short Story), Abend Depo. 41, 43-5; Hitchcock Depo. 38-41, in J.A. at 17-21. The Film's production also included photography of the actors' performances and their settings, assembly of the film, film editing, dubbing of dialogue, music and sound effects and their synchronization with the filmed action. *E.g.*, R. 113: Exs. 1085, 1089, at 9-12.

the United States and elsewhere.[12] R. 87: Abend Ans. RFA 73, Ex. 1011.

On September 25, 1968 (about 3 months before his Short Story copyright was eligible for renewal),[13] Woolrich died without leaving a surviving spouse or child. R. 1, ¶ 11. In 1969, Woolrich's executor, Chase Manhattan Bank, secured a renewal of the Short Story copyright. R. 87: Ex. 1015, Abend Ans. RFA 82-83.

In 1971, Stewart and Hitchcock authorized a nationwide television broadcast of the Film over the ABC network. R. 75, ¶ 5. Also in 1971, for payment of $650, Woolrich's executor purported to grant respondent Abend those rights in the Short Story renewal copyright that Woolrich had previously granted to petitioners' predecessor in interest.[14] R. 87: Exs. 1016, 1017, reprinted in J.A. at 10-16.

In 1976, the Copyright Act of 1976 was enacted to become effective in 1978. *See* note 7, *supra*, and accompanying text.

In 1977, in a case of first impression under the 1909 Act, *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977)("*Rohauer*"), the Second

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[12] The production cost (excluding deferred compensation for Hitchcock and Stewart) exceeded $1.1 million. The initial distribution costs exceeded $1.4 million. R. 75, ¶ 3.

[13] Under section 24 of the 1909 Act, the author could renew during the one year period prior to the end of the first term. If the author renewed during the 27th year, the renewal copyright would "vest" in the author even if the author died before the second term began. *See Frederick Music Co. v. Sickler*, 708 F.Supp. 587, 592 (S.D.N.Y. 1989).

[14] In 1974, Abend brought a copyright infringement action against petitioners in the Southern District of New York. The case was settled in 1976 without any agreement as to future uses. R. 75, ¶¶ 5-6; R. 87: Abend Depo. 77; Pet.App. 4 n.1. In 1983, Abend and Woolrich's executor amended the 1971 agreement to entitle Woolrich's estate to 10% of any recovery in this suit. R. 78: Ex. 8.

Circuit, in a unanimous opinion authored by Judge Henry Friendly, harmonized the potential conflict between section 7 (protecting derivative works produced with the consent of underlying works' authors as independent works) and section 24 (providing a "second chance" renewal term for both prior and derivative works). It held (the "*Rohauer* rule" hereafter) that the death of a prior work's author and renewal by the author's statutory successor operates so that:

(1) the owner of the derivative work copyright can continue to use the *existing* derivative work according to the original grant from the author of the underlying work; but

(2) the owner of the derivative work copyright cannot make *new* derivative works under the original grant during the prior work's renewal term.[15] In so ruling, the Second Circuit held that no precedent of this Court governed.[16]

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[15] *Rohauer* reached precisely the same result created by the derivative-works exception to the "second chance" statutory termination right provided under the 1976 Act. 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A); *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 161-62 (1985). *See* discussion at 3-4, *supra*.

[16] *Rohauer* noted that this Court had held previously that *where an author renewed* his or her copyright, a prior assignment of rights in the renewal term could be enforced by the assignee. *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 652 (1943). The assignee would then have the right to exploit all the rights granted, even those not yet used to create derivative works. But in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373, 377-78 (1960), a case pitting a statutory successor against an author's assignee who apparently had *not* created a new, derivative work, this Court held that if the author died before renewing, the statutory successor, and not the assignee, would take the legal and beneficial *ownership* of the renewal copyright. *Rohauer* pointed out that the *Miller Music Court did not discuss or consider the impact of its ruling on a derivative work having section 7 and 24 rights*. 551 F.2d at 490. *See* discussion at 27-29, *infra*.

In 1982, the copyright in the Rear Window Film was renewed.[17] R. 87: Ex. 1024. In 1983, in reliance on advice of counsel that the 1977 *Rohauer* decision permitted the continued distribution of the Film, defendants Stewart and the Hitchcock co-trustees authorized Universal Pictures, a division of Universal City Studios, Inc. (Universal), to re-release the Film throughout the world. R. 70, ¶ ¶ 3-4; R. 73, ¶ ¶ 2-7. The Film's re-release in theatres began on about September 30, 1983 in the United States. R. 1, ¶ 2; R. 72, ¶ 5; R. 83, ¶ 3. The Film, R. 130, Ex. 1079, was also televised and sold in videocassette and disc formats. In every instance, the Film as re-issued contained the same material contained in the 1954 release. R. 69, ¶ 3; R. 83, ¶ 3.

Abend brought this action for copyright infringement in the United States District Court for the Central District of California on April 10, 1984, against Universal's parent, MCA Inc., Universal's wholly-owned subsidiary, Universal Film Exchanges, Inc., James Stewart and the Hitchcock co-trustees, seeking compensatory damages, an accounting of defendants' profits, injunctive relief, costs and attorney's fees. Jurisdiction of the district court was invoked under 28 U.S.C. § 1338(a). R. 1, ¶ 1.

3. The Decision of the District Court

Petitioners moved for summary judgment charging that the Short Story's renewal copyright was defective

[17] Patron was dissolved in 1960; all of Patron's rights in the Film, including the Film copyright, were assigned to Stewart (45%), Hitchcock (45%) and their agent, MCA Artists Ltd. (10%). The Hitchcock co-trustees are co-proprietors of the Film copyright renewal with Stewart and MCA Inc. (successor in interest to MCA Artists Ltd.) and successors in interest to the May 1945 Woolrich/DeSylva Assignment. R. 1, ¶ 10; R. 73, ¶ 8; R. 74, ¶ 3; R. 87: Abend Ans. RFA 61, 78, Exs. 1005-09, 1024-25, 1081-83.

and invoking the *Rohauer* rule and the "fair use" defense.[18] Respondent moved for summary judgment against petitioners' affirmative defenses. R. 67.

The district court granted petitioners' motions for summary judgment on the alternative grounds that petitioners' continued distribution of the Film was permitted by: (1) the *Rohauer* rule, and (2) the "fair use" defense (Appeal No. 87-5780). R.123; Pet.App. 54-58. The court denied petitioners' motion claiming that the renewal of the Short Story was defective and denied respondent's motion for summary judgment. R.133. Respondent and petitioners brought their appeals and cross-appeal[19] under 28 U.S.C. §§ 1291 and 1294(1).

4. The Decision of the Court of Appeals

A divided panel of the court of appeals reversed the summary judgments for petitioners, refusing to follow the *Rohauer* rule. The majority read *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) ("*Miller Music*"), to constitute "ineluctable authority" for the proposition that upon "renewal and extension" by a statutory successor of a prior work, prior grants of the

[18] Petitioners' motion assumed for sake of argument that the Film used enough of the Short Story to constitute an infringement. R. 64.

[19] The district court's denial of petitioners' alternative motion that defects in the original "blanket copyright notice" or in perfecting the Short Story renewal copyright injected the Short Story into the public domain by 1970 was the subject of Appeal No. 87-5833 in the court below. R. 131. Petitioners did not seek review of the court of appeal's affirmance (Pet.App. 7-15; Part I of Opinion) in 87-5833 of the district court's ruling that Woolrich's Short Story was properly copyrighted and renewed. Respondent's motion for summary judgment attacking petitioners' affirmative defenses was denied, giving rise to Appeal No. 87-5922.

deceased author are rendered void – as a matter of copyright law – so that further use of any existing derivative work constitutes infringement of the prior work's renewal copyright. Pet.App. 23. Thus, the majority rejected the distinction drawn by the dissent and by *Rohauer* between cases where the author never agreed to assign renewal rights and a case such as this where the assignment was affected by operation of law under section 24.

Moreover, whereas the dissent below and the *Rohauer* court considered the existence of competing derivative and underlying copyrights – a factor not present in *Miller Music* – to be a special circumstance requiring accommodation of each copyright under the renewal statute, the majority below found that distinction to be irrelevant. Pet.App. 21-25. Additionally, the majority believed that the legislative history of the 1976 Act bound the court to construe the 1909 Act contrary to *Rohauer*. Pet.App. 30-31. Recognizing that its ruling effectively gave the Short Story author's statutory successor veto power over distribution of the Film ("copyright death")[19a], even though the Film contained substantial new matter, the majority created a special exemption from injunctive relief for "classic" films, but left such films subject to all other infringement remedies. Pet.App. 31-36.

The court below also refused to sanction the *Rohauer* result under the "fair use" doctrine, primarily because it misunderstood petitioners' counsel to concede that the Film's 1983 re-release adversely affected the market for the Short Story. Pet.App. 36-40.

SUMMARY OF ARGUMENT

1. Under section 7 of the 1909 Act, when a derivative work is created with the consent of the owner of an underlying work, the derivative work is entitled to a new and independent copyright with the same rights under the Act as prior works.

[19a] Nevins, "Rx for Copyright Death," 1977 *Wash. U.L.Q.* 601.

2. Section 24 does no more than identify the persons eligible to renew a copyright. In the face of the section's vaguely indicated purpose to give authors or their statutory successors a "second chance" to market their works, it was left to the courts to evolve a theoretical framework to effect that goal in a manner consistent with the overall statutory scheme and the general purpose of the Act which is to balance an author's interest in a reward against the public's interest in access to creative works.

3. The lower courts early on described the renewal term as a "new grant" or "new estate" so as to rationalize a result indicated by the legislative history – a preference that authors or their successors should prevail over mere publishers/assignees in claims for the renewal term. But the "new estate" imagery sometimes had to be modified to avoid results inconsistent with the Act's purposes.

4. Thus, this Court held that an author could devise his renewal term to his executor even before it vested, to avoid having a copyright lapse for lack of renewal, *Fox Film Corp. v. Knowles*, 261 U.S. 326 (1923), and that an author could grant a renewal term before it vested because as a practical effect the author might not otherwise be able to sell a copyright interest during the latter part of his initial term. *Fred Fisher* (1943). Confronted by a claim in *Miller Music* (1960) that since an *executor* statutory successor takes the renewal as a personal representative, the executor should take subject to the author's lifetime assignments *to publishers*, this Court resolved the dispute as it always has – favoring the author (or the statutory successor) over a mere publisher in a contest over ownership to a *single* copyright. In describing the reversionary effect of § 24 on the attempted assignment, the *Miller Music* Court explained that the assignment of the renewal term before the term vested was a grant of a contingent interest; such interest simply failed to vest if the author failed to survive to renew.

5. The majority below held that *Miller Music*'s use of the "new estate" and "contingent interest" imagery compelled a conclusion that a statutory successor's renewal,

as a matter of copyright law, terminated the author's prior grant of rights to distribute a derivative work during the renewal term. The majority thus conflicted with the only other decision on point, Judge Friendly's opinion for a unanimous Second Circuit panel in *Rohauer*, which held that *Miller Music*'s rationale would not be applied to terminate a right to continue distribution of a derivative work. *Rohauer* rightly emphasized the presence of a paramount factor not present in *Miller Music*, *i.e.*, a derivative work given independent copyright standing by section 7 and the same rights under section 24, as were given to prior works. Thus, a modified judicial rule was needed to reach a proper reconciliation of two competing copyrights.

6. The *Rohauer* rule is consistent with the letter and the purposes of the Act. It makes the copyright law's treatment of pre-1978 works under the 1909 Act consistent with the treatment of post-1977 works under the 1976 Act. It will encourage future use of old works in new derivative works; it will allow continued public access to large numbers of existing derivative works.

7. The rule adopted by the court below negates the 1909 Act's language and purposes in that it (a) unduly extends the monopoly of the copyright owner in the prior work to the new matter in the derivative work; (b) disregards the primary purpose of the Copyright Act which is to serve the cause of promoting broad availability of copyrighted works to the public; (c) deprives the creator of a derivative work of its reward by making its right to exploit its work contingent on the prior author's survival to renew the prior work's copyright; and (d) deprives authors of the economic opportunity to sell their works for use in derivative works where the production of such works requires substantial investment and where the end of the original term of copyright in the author's work approaches. It will only benefit speculators.

ARGUMENT

I. THE ROHAUER RULE BEST ACCOMPLISHES THE PURPOSES OF THE 1909 ACT

A. The Dispositive Inquiry is Whether Copyrighted Derivative Works Should Be Treated as Second-Class Copyrights That are Subordinate to Prior Works' Copyrights

From at least 1951 until 1977, the issue presented here engaged courts and commentators in a continuing debate. Is a copyrighted derivative work subordinate to the prior copyrighted work so that a renewal of the copyright in the prior work, by its author's statutory successor, extinguishes *as a matter of copyright law* the right of a derivative copyright owner to continue exploitation of the derivative work?

Two theories drive the conflicting viewpoints. The late Professor Melville Nimmer led the campaign for a "subordinate" derivative copyright that would be deadlocked by the death of the prior work's author before renewal.[20] This view was generally adopted by a majority of the divided panel in the court below.

The other approach, sometimes described as the "limited new property theory", is expressed in Judge Friendly's 1977 *Rohauer* opinion. It concludes from the language and the history of sections 7 and 24 that derivative works are to be afforded an independent status equal to prior works. It also concludes that the judicial rules created to resolve conflicts between an author and a mere *user* of a single copyrighted work must be modified to resolve a conflict between a statutory successor of the author of a prior copyrighted work and a user/*author* of a

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[20] Professor Nimmer led the attack against *Rohauer* in his treatise, 1 M. & D. Nimmer, *Nimmer On Copyright* § 3.07[A] (1989) (*"Nimmer"*) and by joining as co-counsel in the filing of the complaint in this litigation. R. 1, at 1. Others, including Professor Benjamin Kaplan, thought such a result would be "peculiarly perverse." B. Kaplan, *An Unhurried View of Copyright* 112 (1969).

copyrighted derivative work – to accomplish the 1909 Act's non-discriminatory policy to encourage all authors.

Although both the *Rohauer* court and the majority below agree that important copyright purposes require a rule that allows the continued distribution of the derivative work, they would accomplish those purposes in dramatically different ways. *Rohauer* treats the continued distribution of petitioners' Film as authorized by the Act and the prior author's grant; the majority below treats such distribution as an infringement, but modifies the statutory remedies by creating a no-injunction rule for "classic films" while otherwise leaving the Film's owners to proceed at the peril of the remedies usually imposed on infringers.

B. Neither the Text Nor the Legislative History of the Statute Relegates Derivative Works to Second-Class Status

1. Section 7 Protects Derivative Works and Prior Works Equally

"The starting point for our interpretation of a statute is always its language." *Community For Creative Non-Violence v. Reid*, 57 U.S.L.W. 4607, 4609 (U.S. June 5, 1989) (*"Reid"*). Respondent argued below that section 7 imposed limits on the rights of a derivative work owner whenever the author of a prior work died during his or her first term. No such limits are evident from the statute's language. The first clause of Section 7 contains no hint that a derivative work is subordinate to, or a "second class citizen" of, the prior work:

> Compilations or abridgments, adaptations, arrangements, *dramatizations*, translations, or *other versions* of works in the public domain, or *of copyrighted works* when *produced with the consent* of the proprietor of the copyright in such works, or works republished with new matter, *shall be regarded as new works* [*i.e.*, a derivative work] *subject to copyright under the provisions of this title* . . .

(Emphasis and bracketed material added).

Nor does the legislative history indicate otherwise. At the first meeting convened by the Librarian of Congress in the revision process, the question whether derivative works were worthy of protection for time periods equal to those afforded underlying works was answered affirmatively and unanimously. 1 *Legislative History of the 1909 Act*, (E. Brylawski & A. Goldman, eds. 1976) (*"Legislative History"*) Pt. C at 106 (Solberg) and 107 (Scribner). Although draft bills prepared by the Librarian or in Congress later considered shorter terms for some types of derivative works, 3 *Legislative History*, at LIV, the Act contains no such limits and the House Report issued to accompany the final bill simply states that then section 6 "re-enacts existing law and permits the copyrighting of abridgements and new versions of works." H.R. Rep. 60-2222, *supra*, at 10.

Section 7 has three provisos: "publication" of the derivative work shall not (1) "affect the force or validity" of the underlying copyright; (2) "imply an exclusive right" to use the underlying work; or (3) "secure or extend copyright" in the underlying work. When construed with the reference to "new matter" in the introductory clause, the apparent purposes of the *first* and *third* provisos are to ensure that publication of the derivative work will not shorten or lengthen the life of the copyright in the prior work. These provisions thus delineate the rights between the owner of a prior work *and the public, not* between a prior work's owner and the derivative work owner. Only the *second* clause concerns the relative rights of owners of the prior and the derivative works. It is not implicated here: the *Rohauer* rule does not mean that the derivative work owner has an "exclusive" right to use the prior work.[21]

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[21] The no-implied-exclusivity clause was included in an early draft before the bill stipulated that derivative works could be produced only with the consent of the prior work's author. *Rohauer*, 551 F.2d at 489. The House Report states only that section 6 "provides that such copyright shall give no exclusive right to the use of the original works or in any way extend the copyright on such original works." H.R. Rep. 60-2222, *supra*, at 10.

In *Rohauer*, plaintiff echoed Professor Nimmer's argument that *after* the death of the original work's author, section 7's "force or validity" clause (the first proviso) operated to prohibit the derivative work owner both from (1) making new works and (2) distributing an existing work. 551 F.2d at 488. After reviewing a newly published work on the Act's legislative history, Judge Friendly concluded that the "force or validity" clause was *not* intended to apply to the *Rohauer* situation *at all*[22], but rather to ensure that "publication" of a derivative work with a defective copyright notice would not inject the underlying work into the public domain.[23] 551 F.2d at 489-90 & n.7.[24]

The majority below deemed it unnecessary to decide whether or how the "force or validity" clause bears on the issue, Pet.App. 20 n.8, but recited approvingly respondent's argument that the *Rohauer* rule violates "the

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[22] Although the *Rohauer* opinion states twice that the legislative history showed the "force or validity" clause to be inapplicable, 551 F.2d at 488, 492, Professor Nimmer's treatise misses both these statements, instead *mistaking the Rohauer defendant's argument* – that the "force" clause *did* apply to some extent – for the *Rohauer* court's decision. 1 *Nimmer*, § 3.07[A] at 3-28.1 n. 21 and text.

[23] This is the holding in *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir. 1981); *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980); and *Grove Press, Inc. v. Greenleaf Pub. Co.*, 247 F.Supp. 518, 524 (E.D.N.Y. 1965).

[24] *Rohauer*'s conclusion is supported by a colloquy between B.J. Falk and A. Beverly Smith on June 1, 1905, 1 *Legislative History* Pt. C. at 112, and by the testimony of W.B. Hale and his proposed amendment in March 1908. 5 *Legislative History* Pt. K at 77-78. *See also Jaszi, "When Works Collide: Derivative Motion Pictures, Underlying Rights and the Public Interest," 28 UCLA L.Rev.* 715, 790-94 (1981)("*Jaszi Article*").

traditional rule" that a derivative copyright protects only the new material contained in the derivative work, not the matter derived from the underlying work. Pet. App. 19-20, 25-26 n.14, citing *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied, Drebin v. Russell*, 446 U.S. 952 (1980), and *Gilliam v. American Broadcasting Co.*, 538 F.2d 14, 20 (2d Cir. 1976). In turn, both those decisions rely upon 1 *Nimmer*, § 3.04 and *Grove Press, supra*, note 23. But that "traditional rule", now found in section 103(b) of the 1976 Act,[25] simply restates the effect of the "force or validity" clause. It is irrelevant here.

2. Section 24 Must be Interpreted in the Context of the Statute as a Whole

Interpretation of section 24 has always been difficult because "after years of consideration and study, [section 24] one of the most important provisions of the [1909] Bill [was] pieced together hastily and enacted without any real analysis of the consequences."[26] The difficulty arises from the fact that the renewal copyright established in the Act of 1831 and elaborated in the Act of 1909 "is a unique form of property whose nature and theoretical basis are still unclear." *Ringer Study, supra* note 26, at 124.

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[25] Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess., Copyright Law Revision, Part 6 (H. Judiciary Comm. Print 1965), at 6: "Section 103 . . . attempts to sharpen and clarify the language of section 7 of the present law in describing the relationship between protection for 'old' and 'new' material in a work . . . . In [cases of compilations or derivative works] the author of the 'new version' secures protection only for the material he himself has added, without affecting the copyright or public domain status of the pre-existing material." *See also* H.R. Rep. 94-1476, 94th Cong., 2d Sess. (1976), at 57.

[26] Studies Prepared for the Subcomm. on Patents, Trademarks and Copyrights, Comm. on the Judiciary, U.S. Sen., 86th

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This Court has cautioned that, because section 24 contains ambiguities not resolved by a literal reading, the statute must be read as a whole. *DeSylva v. Ballantine*, 351 U.S. 570, 573 (1956). When the Act is ambiguous, it is to be construed to promote the primary purpose of public access. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

Before the 1909 Act, Congress considered instituting a single copyright term – similar to that under section 203 of the 1976 Act. *Ringer Study*, at 112-21. However, the 1909 Act retained the two-term system to accomplish two purposes: (1) a lapsing device to enhance public access to works that were not renewed,[27] and (2) a means to give authors a "second chance" to market their works. H.R. Rep.No. 60-2222, *supra*, at 14-15 (1909).

a. The Language of Section 24 Does Not Directly Address the Issues in this Case

The language of section 24 does not directly address the issue in this case. The opening clause provides that "the copyright secured by this title [thus, including derivative work copyrights] shall endure for twenty-eight years from the date of first publication."

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Cong., 2d Sess., Study No. 31, *Renewal of Copyright*, B.A. Ringer (Comm. Print 1961) (*"Ringer Study"*), at 121. This Study, authored by a future Register of the Copyright Office, *Mills Music*, 469 U.S. at 174 n.42, was one of 34 studies undertaken under the auspices of that Office, at the direction of Congress, to begin the general revision process culminating in the 1976 Act.

[27] In 1910, less than 4 percent of eligible copyrights were renewed. In 1959, 14 percent of eligible copyrights were renewed. *Ringer Study*, Table 2, at 222.

The first proviso (applicable to the Film) states that for works originally copyrighted by the proprietor of a composite work, a corporate body or an employer, the *proprietor* of such copyright "shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years."

The second proviso (applicable to the Short Story) states that for other copyrighted works, including contributions by an individual author to a composite work:

> [T]he author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or *if such author, widow, widower, or children be not living, then the author's executors* . . . shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years.

(Emphasis added).

There is no indication here of the consequences of such renewal, and no acknowledgment or resolution of possible conflicts between the copyrights in prior and derivative works.

b. There Was No Congressional Intent that Reversions to Statutory Successors Should be Construed to Disrupt Distribution of Derivative Works

True enough, the legislative history confirms that one purpose of creating two separate terms was to enable an author to have a second chance to make a better deal than that made during the first term when the long-term value of the work might not have been known. H.R. Rep. 60-2222, *supra*, at 14. But Congress was focused on the conflict between an author and a mere publisher over a single work, not between an author of a prior work and the author of a derivative work:

> Your committee, after full consideration, decided that it was distinctly to the advantage of the author to preserve the renewal period. It not infrequently happens that the author sells

> *his copyright* outright *to a publisher* for a comparatively small sum. If the work proves to be a great success and lives beyond the term of twenty-eight years, your committee felt that it should be the exclusive right of the author to take the renewal term, and the law should be framed *as is the existing law, so that he could not be deprived of that right.*

Id. at 14 (emphasis added).[28]

The majority below misconstrued a portion of the legislative history. Quoting Mr. Hale, a book publisher, at a March 1908 hearing on revision, complaining about the problem of obtaining rights from joint authors of composite works to assure that such works were timely renewed,[29] the majority below concluded that Congress understood that the renewal right was to be contingent so as to make contingent the continued use of derivative

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[28] This Court explained in *Fred Fisher*, 318 U.S. at 654, that Congress maintained a fictional split between the initial and renewal terms only so that the author, by granting rights in his "copyright," would not be deemed inadvertently to have granted both terms. Because the Act also provided for assignability of copyright interests, 17 U.S.C. § 28, and because authors might not be able to sell their copyright near the end of a first term without also granting the renewal term, this Court concluded that an author could grant the renewal interest prospectively. *See* discussion at 24-25, *infra*.

[29] Mr. Hale explained that under the existing Act, composite works such as encyclopedias were *originally* copyrighted by the various contributors and renewed by such authors or their successors:

> [I]t is only possible to cover the right of renewal of the actual author. The right of renewal is contingent. It does not vest until the end. If he is alive at the time of renewal, then the original contract may pass it, but his widow or children or other persons entitled would not be bound by that contract.

5 *Legislative History* Pt. K at 77.

works.[30] But, Mr. Hale was not describing a derivative work or the possible termination of such work's distribution because of a prior work's renewal. Rather, Mr. Hale's concern was that *original composite works were lapsing for failure to renew*. Congress simply responded with a rule of convenience, giving the right to renew composite works to the proprietor under the first proviso of the section. Nor does the House Report[31] evidence a recognition or a concern that reversions to statutory successors will disrupt the continued distribution of composite works. The majority below drew the wrong conclusion.

The text of the Act and its legislative history establish that derivative works are "new works subject to copyright under this title" and are entitled to a renewal term just as prior works. The holding of the majority below that section 24's "second chance" policy disrupts the continued distribution of a copyrighted derivative work, in its initial or renewal term, violates three rules of

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[30] "[B]ecause the contingent nature of the renewal right would cause hardship to owners of composite works, Congress exempted composite works from this aspect of the renewal provision in the 1909 Act. *See* 17 U.S.C. § 24. Significantly, Congress did *not* include a similar exemption for derivative works." (Emphasis in the original). Pet.App. 25. The panel's last sentence fails to appreciate that a *composite* work may also be a *derivative* work. Congress was not addressing a conflict between prior and derivative works.

[31] "In the case of composite or cyclopedic works, to which a great many authors contribute for hire and upon which the copyright was originally secured by the proprietor of the work, it was felt that the proprietor of such work should have the exclusive right to apply for the renewal term. In some cases the contributors to such a work might number hundreds and be scattered over the world, and it would be impossible for the proprietor of the work to secure their cooperation in applying for the renewal." H.R. 60-2222, *supra*, at 15.

construction:[32] (1) that the statute must be read as a whole, *DeSylva*, 351 U.S. at 573, (2) that implied exceptions to express provisions are not favored, *Maxwell v. Moore*, 63 U.S. (22 How.) 185, 191 (1859), and (3) that a statute should be interpreted so as not to render one part inoperative. *Mountain States Tel. & Tel. Co. v. Pueblo of Santa Ana*, 472 U.S. 237, 249 (1985). A proper resolution of the issue in this case ultimately rests upon an understanding of the judicial gloss on section 24, culminating in *Miller Music* (1960).

c. The Judicial Gloss on Section 24 Does Not Foreclose The Rohauer Rule

Courts have consistently construed section 24 to favor authors over mere publishers, and have created and elaborated a "new estate" analogy to explain desired results. Thus, in explaining why the 1909 Act did not allow "assignees" to renew under section 24's second proviso, one early court concluded that, beginning with the Act of 1831, Congress "broke up the continuity of title" and created a "new grant".[33] Building on this analogy, yet another court described the renewal term as a

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[32] The Congress considered and rejected proposals that would have derivative work copyrights expire coterminously with the prior work's copyright. 1 *Legislative History* Pt. C at 106-108. The majority's rule of early expiration is thus inconsistent with one of Congress few express choices.

[33] *White-Smith Music Pub. Co. v. Goff*, 187 F. 247, 250 (1st Cir. 1911). The Attorney General had already opined that only the persons specified by statute, not assignees, could renew, but he hastened to add that "who may possess the *legal or equitable right* in the copyright after renewal . . . *is to be determined by the terms of such contract* as the author . . . *may have entered into before* or after the *renewal is had*." 28 Op. Att'y Gen. 162, 166 (1910)(emphasis added).

"new estate, not a true extension of the existing copyright."[34]

The "new estate" imagery created the issue in *Fox Film Corp. v. Knowles*, 261 U.S. 326 (1923). Relying upon the "new estate" analogy, note 34 *supra*, a motion picture company argued that an author's copyright was not properly renewed by the author's executor because the author, having died before the period of renewal, had nothing to bequeath and thus the executor has nothing to renew. In a unanimous opinion by Justice Holmes, this Court assumed "for the purposes of the present argument only" that "renewal creates a new estate", and that the author had nothing to bequeath. *Fox Film Corp. v. Knowles*, 261 U.S. at 329-30. Nevertheless, to effect the Act's policy of saving renewals, this Court held that the executor could renew "to secure the continuance of the copyright". *Id.*[35] Obviously, the Court was willing to modify the "new estate" analogy to effect the Act's purpose.[36]

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[34] *Silverman v. Sunrise Pictures Corp.*, 273 F. 909, 911 (2d Cir. 1921)(emphasis added)("*Silverman I*"). The *Silverman I* court felt compelled to this analysis so as to confirm a renewal by next of kin, thus avoiding a lapse of copyright protection. The author had died five years before renewal and the executors were discharged before the time of renewal. The court's "new estate" analogy enabled it to conclude that the "new estate" did not occur in time for it to vest in the executors.

[35] Because the Constitution limits Congressional grants of copyright to "authors", any analogy that entirely disengages the initial term from the renewal term is simply indulging a "fiction". U.S. Constit., art. I § 8; *see* 1 *Nimmer*, § 1.06.

[36] In *Silverman v. Sunrise Pictures Corp.*, 290 F. 804, 805, ("*Silverman II*"), *cert. denied*, 262 U.S. 758 (1923), the Second Circuit took note that its "concept of the renewal copyright being an estate" and that it must be in existence to be transferred "is not law" after this Court's decision in *Knowles*.

This Court made its most extensive review of the renewal provisions of the first federal copyright act, Act of May 31, 1790, ch. 15, 1 Stat. 124, and the major revisions, the Act of February 3, 1831, ch. 16, 4 Stat. 436, and the 1909 Act, in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643, 647-54 (1943). The Court held that an author's assignment of his or her renewal interest before the renewal vested was enforceable against the author when the author later renewed. 318 U.S. at 657.

The Court first disposed of an argument against assignability based on a change in the 1831 Act. Under the 1790 Act, if the author did not survive, no renewal was granted at all; the work went into the public domain. Under the 1831 Act, if the author died before renewal, the author's widow and children were permitted to renew. *Id.* at 650. Although the 1831 Congress debated whether the author or the bookseller ought to "receive the reward", this Court explained that, in context, Congress was choosing whether, upon an author's death, the work should fall into the public domain (thus benefiting the bookseller) or whether the renewal ought to be passed to the widow and children. By granting the right of renewal to the author's survivors, "Congress was of course preferring the author to the bookseller." *Id.* at 651.

The Court also concluded that the two-term copyright system was retained not to bar assignments of renewals, but simply to maintain the benefit of the presumption conferred on an author by the "existing law" referred to in the 1909 House Report, quoted *supra* at 19-20 – a rule of contract interpretation – that an assignment by an author that referred only to his or her "copyright" in general terms was deemed not specific enough to convey his or her *renewal* interest. *E.g., Pierpont v. Fowle*, 19 Fed.Cas. 652, 658-60 (C.C.D.Mass. 1846) (No. 11,152). *Id.* at 654.[37]

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[37] *Fred Fisher* referred to the *White-Smith* decision, note 33, *supra*, to indicate that its "new grant" imagery was no impediment to assignability. 318 U.S. at 651.

Finally, this Court explained that section 42 (later renumbered § 28) of the 1909 Act expressly provided that copyright interests were assignable and that, as a practical matter if an author cannot make an effective assignment of his renewal, the renewal might be worthless to him when he is most in need, *i.e.*, towards the end of the initial term. *Id.* at 657. Thus, in *Fred Fisher*, the author was held to have renewed subject to his prior assignment. *Id.* at 645-46, 657-59.

The first case to generate debate about the issue in this case was *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951) (the "Madame Butterfly" case). A derivative work (an opera) owner sought a declaratory judgment that it could use a portion of a prior work (a novel) incorporated into the opera to produce a movie during the renewal term of the prior work – even though the author of the prior work (who survived to renew) had never purported to grant a license to the derivative work owner for the prior work's renewal term.[38] In *dictum*, citing *White-Smith*, *Silverman I*, *Fitch* and *Fox Film Corp. v. Knowles*, *supra*, the *Ricordi* court rejected the request,[39] stating that "[a] copyright renewal creates a new estate, and the few cases which have dealt with the subject assert that the new estate is clear of all rights, interests or licenses granted under the original copyright."[40] *Id.* at 471.

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[38] *Ricordi* relied on this Court's holding in *Fred Fisher*, *supra*, to rule that the grant of rights in the prior work's "copyright" did not include a grant of rights during the *renewal* term. 189 F.2d at 471.

[39] In fact, the Second Circuit did not state that Ricordi could not continue to license live performances of its opera (the existing derivative work), merely that Ricordi was "not entitled to make general use of the novel for a motion picture version" of the prior work. 189 F.2d at 471.

[40] In so stating, it paraphrased *Fitch v. Shubert*, 20 F.Supp. 314, 318 (S.D.N.Y. 1937), wherein the statutory successor of a

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Relying on the *dictum*, advocates of the so-called "broad interpretation" of *Ricordi* deemed a derivative work to be subordinate to the prior work copyright and opined that whenever a renewal term of a prior work's copyright was deemed to revert either by reason of *contract or by operation of law* (renewal by a statutory successor), the derivative work owner would be deemed to lack permission to continue distribution of such derivative work.[41] A "narrower interpretation" limited *Ricordi* to its *contract law* holding, pointing out that (1) the author of the prior work never purported to grant the derivative work owner more than an interest in the first term of the underlying copyright, and (2) the only issue decided by *Ricordi* was that the original contract (rather than

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copyrighted play sought to enjoin future performances of a derivative musical version of the play produced under license from the play's author. *Although the original license had expired according to its own terms before renewal* of the play copyright, the *Fitch* court, in *dictum*, stated that the statutory successor "acquired a new and independent right in the copyright, free and clear of any rights, interests, or licenses attached to the copyright for the initial term," citing *Silverman I, supra*. In *Rohauer*, the Second Circuit distinguished *Fitch* on the contract ground, 551 F.2d at 490-91, apparently reviewing the court's records to determine a fact not apparent from the *Fitch* opinion. *Jaszi Article*, 28 *UCLA L.Rev.*, at 796.

[41] *E.g.*, *"It would seem*, on the basis of judicial authority, legislative history, and the opinions of the commentators, that someone cannot avoid his obligations to the owner of a renewal copyright merely because he created and copyrighted a 'new version' under a license or assignment which terminated at the end of the first term." *Ringer Study*, at 169-70 (emphasis added). *See also* Bricker, "Renewal and Extension of Copyright," 29 *S.Cal.L.Rev.* 23, 27, 43 (1955).

operation of law) barred the derivative work (opera) owner from making a *new* work (movie).[42]

This Court first touched on the reversionary effect of statutory succession on an author's grant, in *dictum*, in *DeSylva v. Ballentine*, 351 U.S. 570 (1956). The only question before the *DeSylva* Court was whether *a widow and children as a class* or *the widow alone* is entitled to share in the copyright renewal during the widow's lifetime. *Id.* at 572. In concluding that a surviving widow *and* children as a class ought to own the renewal[43], this Court stated, without citation to authority, that "[t]he evident purpose of § 24 is to provide for the family of the author after his death. Since the author cannot assign his family's renewal rights, § 24 takes the form of a compulsory bequest of the copyright to the designated persons." *Id.* at 582.

The pivotal decision for the majority below was *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960). A publisher-assignee of the author claimed that an executor-statutory successor's renewal of copyright was subject to that author's assignment of the entire renewal. In *Miller Music*, petitioner *conceded* that an author's assignment of the renewal term could not defeat the right of a widow or a child or a next of kin to renew if the author died before the time for renewal.[44] *Id.* at 375. Building on that concession and the statute's equal treatment of all statutory successors, a majority of

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[42] By 1964, Professor Engel had stated the narrow interpretation of *Ricordi* in this country's leading copyright journal. Engel, "Importation and Protection of Works of American Authors Manufactured Abroad Via the U.C.C. Exemption from Formalities: How Now Sacred Cow?", 12 *Bull. Copyright Soc'y* 83, 119 n.126 (1964-65).

[43] Noting the ambiguous nature of section 24, this Court construed "widow or children" to mean "widow *and* children". 351 U.S. at 580.

[44] The concession was apparently based upon the above quoted *dictum* of this Court in *DeSylva, supra*, 362 U.S. at 375.

this Court in *Miller Music* denied the assignee's claim.[45] It then made the statement relied on below:

> [The statutory successors] obtain the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime . . . not because the author's assignment is invalid but because he had only an expectancy to assign; [footnote omitted] and his death, prior to the renewal period, terminates his interest in the renewal which by § 24 vests in the named classes.[46]

Id. at 375. *Miller Music* is easily distinguishable from the present case because there was *no derivative copyright* with sections 7 and 24 rights at stake in *Miller* nor was there any discussion whether the presence of such a derivative work would require a different application of the judicial rule of vesting to reconcile conflicting interests of two copyright owners.

Thus, *Rohauer*, in 1977, could truly be considered a case of "first impression".[47] *Rohauer*, 551 F.2d at 485 n.1. The *Rohauer* court was able to conclude that this Court's

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[45] Writing for four dissenting members of this Court, Justice Harlan thought that unlike spouses or children, "executors", as personal representatives of the author, ought to be bound by the author's prior grants. 362 U.S. at 381-82.

[46] The omitted footnote cited commentators that generally agreed with such a proposition, variously relying upon the *Fred Fisher, Fox Film Corp. v. Knowles* and *White-Smith, supra*, decisions. Other commentators use the imagery of a "reversion" rather than the "contingent expectancy" imagery to describe the effect of renewal by a statutory successor. *E.g.*, Note, "*Rohauer v. Killiam Shows, Inc.* and the Derivative Work Exception to the Termination Right: Inequitable Anomalies Under Copyright Law," 52 *S.Cal.L.Rev.* 635, 637-39 (1979).

[47] Until *Rohauer*, the decided cases lacked some or all of the following pre-conditions to the issue in this case: (1) the prior author's grant of renewal rights, (2) a statutory successor, and (3) a copyrighted derivative work created with the consent of the prior work's author.

decisions in *Fox Film Corp. v. Knowles, Fred Fisher, DeSylva*, and *Miller Music* had no real bearing on the issue before it either in their holding or in their opinions,[48] that the lower court decisions in *Fitch* and *Ricordi* had no application,[49] and that the commentators were split,[50] inconclusive or based their conclusions on faulty logic.[51] *Rohauer*, 551 F.2d at 490-93.

Against the backdrop of a pliable "new estate" analogy, the *Rohauer* court concluded that the vesting of the "new estate" in the underlying copyright in a statutory successor did not deprive the proprietor of the derivative copyright of a right stemming from the § 7 consent of the deceased author to use so much of the prior work as was already embodied in the derivative work. 551 F. at 492. It

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[48] "All these cases were concerned with the relative rights of persons claiming full assignment or ownership of the renewal term of an underlying copyright [not] a proper reconciliation between the grant of derivative copyright in § 7 and the final proviso of § 24 with respect to renewals of underlying copyrights." *Rohauer*, 551 F.2d at 490-93.

[49] "[W]e have been cited to no case holding that the inability of an author to carry out his promise to effect a renewal of a copyright because of his death prior to the date for obtaining renewal terminates *as a matter of copyright law* the right of a holder of a derivative copyright to continue to publish a derivative work copyrighted before the author's death on which the copyright was thereafter renewed." *Rohauer*, 551 F.2d at 491. (emphasis in original).

[50] *See, e.g.*, notes 41-42, *supra*.

[51] *Rohauer* considered and rejected Ms. Ringer's conclusion, note 41, *supra*, as "tentative". 551 F.2d at 492-93. It found the cited decisions, *Fitch* and *Ricordi*, inapt. The legislative history cited by Ms. Ringer reflected a concern that copyright in a new version would "secure protection" for nothing but the "new matter". *Id.* at 493 n.10. *Rohauer* found this history inapt too because the *Rohauer* result does not purport to "secure protection" for anything but the "new matter" in the derivative work; it only permits the continued "use" of old matter from the prior work.

drew *limited* support for its view of an "independent" derivative work copyright in the "new property theory" expressed in *Edmonds v. Stern*, 248 F. 897 (2d Cir. 1918). That decision, just nine years after the 1909 Act, held that once the § 7 consent is given to produce the derivative work the prior work's copyright may not deter distribution of the derivative work:

> When that consent was given, a right of property sprang into existence, not at all affected by the conveyance of any other right.

248 F. at 898. *Edmonds* thus provided the "limited new property" basis for *Rohauer*.[52] As noted at 33-37, *infra*, the *Rohauer* rule derives additional support from the purposes of the Act.

In 1985, construing the analogous second chance termination right (and its derivative works exception) in section 304 of the 1976 Act, four dissenting Justices of this Court (without contradiction by the majority) noted that *Rohauer* had distinguished *Ricordi* and represented the "prevailing view" on the issue currently before this Court. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 n.7 (1985) (White, J. dissenting). The majority of this Court in *Mills Music* was careful not to adopt a broad reading of

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[52] Although the majority below, Pet.App. 20 n.9, repeated Nimmer's argument that *Ricordi* repudiated the "new property right theory" as set out in *Edmonds v. Stern*, the *Ricordi* decision cited *Edmonds, supra*, for the proposition that Ricordi & Co. was entitled to copyright "so much of the opera as was a 'new work' and entitled to be independently copyrighted as such." 189 F.2d at 471 n.2. Since a prior work's author may, by *contract*, limit the duration of use by a derivative work owner, *Ricordi* may be seen as an instance wherein the derivative work's owner impliedly covenanted not to exploit the grant beyond the first term. The rights of the derivative work's owner in *Ricordi* were determined by contract, not by operation of law. Ellingson, "The Copyright Exception for Derivative Works and the Scope of Utilization," 56 *Ind. L.J.* 1, 23-27 (1980).

Ricordi, instead referring to respondents' characterizations of *Ricordi* as: "they assert", "according to respondents", "Some observers apparently believed". 469 U.S. at 176 n.45.

Although the majority below acknowledged that *Rohauer* and this case require a resolution between conflicting copyrights, a situation not present in *Miller Music* or *Ricordi*, it held this difference to be irrelevant. Pet.App. 15-16, 25 n.14. First, it argued that this case is controlled by *Miller Music*'s statement that statutory successors to renewal copyrights take free and clear of all purported assignments of the renewal right. Pet.App. 20 n.8. The majority thus begs the question whether *Miller Music*'s rationale would or should apply to terminate the continued use of a portion of the prior work in an existing derivative work.

Second, the majority below found "unconvincing" the distinction between *Ricordi* (use during renewal never granted by author) and *Rohauer* (use during renewal granted but affected by death of author) "because in both situations there is no *effective* grant."[53] (Emphasis in the original) Pet.App. 22. However, the majority gave no reason why a judicial rule created to implement a general policy of section 24 to give statutory successors a second chance ought to be applied in a way that would disrupt the continued use of a derivative work whose rights arose from sections 7 and 24 of the same Act.[54]

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[53] The majority below inadvertently refers to the "right to make a derivative work", Pet.App. 22, during the renewal term. Petitioners do not claim a right to make new works in the United States.

[54] The majority quoted the dissent in *Mills Music* (1985) as authority that death of the author would render the prior assignment "null". Pet.App. 24. However, Justice White was merely repeating without approving the *broad* interpretation of *Ricordi*, 469 U.S. at 183 n.8; as noted earlier, the dissent pointed out that *Rohauer*'s *narrow* interpretation of *Ricordi* eventually prevailed. 469 U.S. at 183 n.7.

Third, the majority reasoned that the holding in *Miller Music* that an assignment of the entire renewal copyright was unenforceable necessarily includes the lesser right to use the prior work already incorporated into the existing derivative work.[55] Pet.App. 24-25. But the proper distinction between *Miller Music* and this case is not the amount of use claimed but the presence here of an independent derivative work itself having both section 7 and 24 rights. *Rohauer*, 551 F.2d at 490.

In sum, the *Rohauer* result is explainable within the framework of prior precedent: (1) the vesting rule used to effect § 24's second chance policy may be deemed to cause a reversion of all the author's prior grants except the right to continue distribution of a derivative work, or (2) the "new estate" given to the statutory successor may be held not to include the right to prevent continued distribution of a derivative work. Neither view offends the Act's text or history. The only remaining issue is whether such a result satisfies the Act's purposes.

C. The Policy Choices Inherent in the Rohauer Rule Best Reconcile The Purposes of Sections 7 and 24.

Because the *Rohauer* court could find no compelling statutory language or legislative history, nor any impressive record of unanimity among the commentators such as influenced this Court in the *Fred Fisher* case, *supra*, 318 U.S. at 658-59 nn.5-8, it looked to policy considerations and determined that the equities in this situation lie preponderately in favor of the proprietor of the derivative copyright. 551 F.2d at 493-94. The majority below disagreed. Pet.App. 26-31.

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[55] For a second occasion, the majority below misstated petitioners' claim as including "the right to produce a movie version". Pet.App. 25. Petitioners claim a right to continue distribution of the existing Film, not to produce a new Film.

1. The Rohauer Rule Best Accommodates The Renewal Expectancies of Authors of Conflicting Prior and Derivative Works

The "second chance" policy of section 24 is applicable to renewals under both the first and the second proviso, that is, to both the petitioners and the respondent in this case. A rule that foreshortens the copyright terms of the derivative work owner is inconsistent with the purposes of the Act, generally, and section 24, in particular.

2. The Rohauer Rule Does Not Defeat Section 24's "Second Chance" Policy

First, the slight intrusion of the *Rohauer* rule on the prior work's renewal term is reasonable. Under *Rohauer*, all rights granted by the author of the prior work would revert to the author's statutory successor[56] except the right to use portions of the prior work already incorporated into existing derivative works according to the terms of the original grant. Thus, the statutory successor would be free to exploit the original work once again, albeit with the competition of existing derivative works.[57]

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[56] The reversionary effect of the American two-term copyright scheme is not acknowledged under foreign copyright laws because the effect is a product of copyright, not contract, law. *See* 3 M. & D. Nimmer, *Nimmer on Copyright* § 17.10[B][2] (1989). Thus, respondent makes no claim against the use of the Film outside the United States. R. 87: Abend Ans. RFA 116. If the decision below is not reversed, creators-owners of hundreds of American films will be able to show their works without liability everywhere except in the United States.

[57] Since 1971, Abend has received the following return on his $650 investment: $30,000 for rights to remake a film based on the Short Story to be cablecast on Home Box Office, $7,500 plus a royalty on book publishing and several thousand dollars on miscellaneous licenses. R. 92: Abend's Supp. Resp. Int. 2 and Ex. 1045. In fact, Abend timed new print publications of the Short Story to take advantage of publicity generated by the Film's re-release. R. 87: Gethers Depo. 2-3, 7-9, 31, 35-37, 41-45, 58-61, Ex. 1047; R. 80: Ex. 1080.

But the Act contemplated exactly this situation: that the renewal afforded to statutory successors would be a second chance to exploit the "prior work" only; it certainly was not intended as an opportunity to extort additional fees from the owners of new derivative works whose value is largely based on *the new work* produced by a different author.

Second, a derivative copyright owner is not unjustly enriched under *Rohauer*.[58] She may reap only because she has sown. *Cf. International News Service v. Associated Press*, 248 U.S. 215, 239-40 (1918).[59] The majority below thought this could "cut both ways": a derivative work might involve only minimal new matter. Pet.App. 27. But, in such a case, the author can more easily limit the duration of exploitation by contract.[60]

3. A Derivative Work Copyright Owner Cannot Protect Against A Reversion Caused by Death

A derivative work's owner has no effective means to protect itself against the contingency that the prior

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[58] Although the 1982 re-release of the Film generated *gross* revenues to the distributor of $12 million (after the distributor risked $2.4 million in costs), the copyright owners of the Film realized about $3.9 million in the United States. R. 105, ¶ 5, Ex. 3; R. 104, ¶ 3. *See* note 56, *supra*, re income outside the United States.

[59] As Judge Friendly pointed out in *Rohauer*, unlike the situation where an assignee or licensee (as in *Miller Music*) has done nothing more than print, publicize or distribute a musical composition, a story, or a novel, a person who, with the consent of the author, has created a derivative work such as an opera or a motion picture will often have made literary, musical and economic contributions as great as or greater than the prior author's. 551 F.2d at 493. *See* notes 11-12, *supra*.

[60] Under the 1976 Act's derivative work's exception to statutory terminations, *all* derivative works are entitled to continued use according to the terms of the original grant. 17 U.S.C. §§ 203(b)(1) & 304(c)(6)(A).

work's author will die before renewal. There is no way of telling who will be the surviving widow, children, next of kin or executor until that date arrives. *Rohauer*, 551 F.2d at 493-94. The majority below mistakenly thought that *Miller Music* "apparently rejected" that concern. The majority also predicted that statutory successors and derivative work owners will likely reach a "mutually beneficial financial arrangement" to ensure continued public access to derivative works.[61] Pet.App. 27 n.15. Apparently having no faith in its prediction, the majority below created a special rule for this case exempting "classic films" from injunctive relief, thus casting courts in the role of film critics and social arbiters. *But see Bleistein v. Donaldson Lithography Co.*, 188 U.S. 239, 251-52 (1903) (copyright protection does not depend on artistic merit).

The majority below seemed comfortable to treat petitioners as infringers, even though their film was lawfully made, forcing them to disgorge profits attributable to the infringement, trivializing the harsh effect of section 504 that puts on the infringer the burden of proving (at the peril of paying up to 100% of its profits) what portion of gross revenues is not attributable to the infringement. 17 U.S.C. § 504(b). Of course, an "infringer" is also subject to liability for statutory damages and attorneys' fees, and must bear the risk of imprecise damage calculations. 17 U.S.C. §§ 504(c), 505; 3 *Nimmer*, § 14.02[A] n.21.

Because the statutory successor's threatened right to injunctive relief or seizure of the defendants' profits will chill the use of lawful copyrights, instead of "mutually beneficial" arrangements, the more likely prospect is that any resulting agreements will impose an unfair "tax" on derivative work copyrights (measured by the value

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[61] This prediction is belied by the record in this case. Although petitioners offered a $2,500 fee to Abend after the *Rohauer* decision (four times what Abend paid for his rights), Abend demanded 50% of the gross proceeds (in excess of promotion expenses) from any re-release of the Film. R. 73, ¶ 7; R. 75, ¶ 6; R. 87: Ex. 1068; Abend Depo. 77-81; Abend Ans. RFA 93-94.

of the new work) or that public access will be defeated entirely. *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932) (a copyright owner may arbitrarily refuse to license). The decision below would only attract and benefit the speculators that caused Congress to enact section 203. H.R. Rep. 94-1476, *supra*, at 127.[62]

4. A Prior Work's Author Can Protect by Contract Against Unwanted Future Competition from a Derivative Work

An author can protect his or her heirs against unwanted competition from a derivative work by imposing a contractual limit on the use of the prior work in the new work during the prior work's renewal term. *Rohauer*, 551 F.2d at 493-494; *see Fitch v. Shubert*, *supra*; *Ricordi*, *supra*.

5. The Majority's Ruling Below Discourages Future Use of Pre-1978 Works

An author whose pre-1978 work is due to be renewed in 5-10 years may not find anyone willing to use it in a new derivative work if the right to continue use of the latter work may be suspended.[63]

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[62] Respondent Abend, a "literary researcher", has determined that at least 600 films pose the same "reversion" issue as the instant case. He has acquired at least 100 renewal copyrights underlying such films for himself and clients. R. 87: Abend Depo. 10-11, 22-24. Mr. Rohauer owned renewals underlying at least 200 films. R. 92: United Artists Amicus Brief in *Rohauer*, at 23. All other similarly situated derivative works that incorporate portions of prior works will be affected, *e.g.*, television programs, plays, books, musical albums, computer programs. Abend's counsel predicted that hundreds of suits would result from the majority opinion below. *See, e.g.*, Daily Variety, Dec. 28, 1988, at p.2, col. 1; Los Angeles Daily J., Dec. 28, 1988, p.1.

[63] Because the 1976 Copyright Act continued the two-term scheme for works copyrighted prior to January 1, 1978, 17

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6. The Rohauer Rule Does Not Overlook Section 24 Policies

The majority opinion below, Pet.App. 28, accused *Rohauer* of overlooking section 24 policies that "favor the author." But Section 24's "second chance" policy favors *all authors*, whether of a derivative work or a prior work.[64] The majority's rule absurdly "favors" an author only if the author dies prematurely.[65]

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U.S.C. § 304(a), the effect of the majority opinion below would be to warn potential users of pre-1978 works that they acquire rights at their peril at least until the year 2005, the last year in which all pre-1978 works will either have been renewed or lapsed for failure to renew. This veto power will exist for at least the first 28 years of renewal (for some works, until the year 2033); constitutional considerations may prohibit such a veto during the additional 19-year period tacked on by the 1976 Act. 17 U.S.C. § 304(a). *See* Time Line, App. 25. 1 *Nimmer*, § 1.11; *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983).

[64] The majority's criticism of *Rohauer* because it did not discuss the "compulsory family bequest" function of section 24 is inapt. First, the family of a derivative work's author has the same right to protection. Second, when a renewal vests in an executor, an author is not "compelled" to leave the renewal to his family.

[65] Although the majority argues that its ruling is supported by Woolrich's supposed failure to foresee and to reap the benefits of new technology, Pet.App. 28, the beneficiary of technological advances is determined by the terms of the original grant. *See Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 855 (9th Cir. 1988). Here, Woolrich's 1945 assignment expressly granted petitioners' predecessors the right to unlimited theatrical and television exhibitions and the benefits of all future technology for any film made under the grant. R. 87, Ex. 1004, ¶ 3, printed in Pet.App. 78, ¶ 3. This issue was specially briefed in the court below. *See* J.A. 8.

D. The 1976 Act, to the Extent it has Relevance, Supports the Rohauer Rule

1. The Policies Implicit in the Derivative Works Exception To the New Statutory Termination Right Reinforce the Rohauer Rule

The *Rohauer* court referred to the derivative works exception to the new statutory termination provisions of the 1976 Act, discussed at 3-4, *supra*, as "recognition" of the policy considerations relied upon in *Rohauer* for its rule. 551 F.2d at 494. The *Rohauer* Court agreed that provisions of the new Act could not vary the 1909 Act if that Act were clear, but thought the new Act provided an apt model to solve a problem that existed because judicial *dicta* rendered in earlier cases was inapposite to the situation in *Rohauer*. 551 F.2d at 494. The majority below disagreed with this approach. Pet.App. 30.

2. Congress, in Enacting the 1976 Act, Did Not Intend to Foreclose the Solution Reached by the Rohauer Court the Following Year

The majority below thought it saw a legislative intent in the 1976 Act to reject the *Rohauer* solution. Pet.App. 30-31. As to works in existence on January 1, 1978, the 1976 Act tacked on a 19-year extension to renewal terms, subject to the right of the authors at the end of the 28th year of their renewal terms to terminate any grants or licenses – subject further to the derivative works exception. The majority below thus concluded that *Rohauer* did "what Congress declined to do – apply the termination exception retroactively to the 28-year renewal period." Pet.App. 30. The majority thought it could "reasonably presume that Congress knew of [the] prevailing view [of commentators who argued for the broad interpretation of *Ricordi*] when it enacted the 1976 Act and chose not to alter the balance." Pet.App. 31.

Ordinarily, when Congress acts, its silence is just that, silence. *Reid*, 57 U.S.L.W. at 4611. Here, however, reliance by the majority below on legislative silence is particularly misplaced. *Id.* at 4611-12. The legislative history expressly shows that Congress' intent was only to incorporate the *ambiguities* of the 1909 Act renewal section into the renewal provisions of the 1976 Act. From the outset of the revision effort, the Register of Copyright lamented that existing renewal law was ambiguous, but he consistently recommended that it was better to continue the ambiguity of the renewal system for existing copyrights than to upset existing contractual arrangements.[66] The 1976 House Report merely echoed the Register's advice. H.R. Rep. 94-1476, *supra*, at 139.

In sum, the purposes and policies of sections 7 and 24 are best accommodated by the *Rohauer* rule, not by the majority's decision below.

II. APPLICATION OF THE FAIR USE DOCTRINE IS A REASONABLE SOLUTION TO AVOID AN UNINTENDED RESULT INCONSISTENT WITH THE PURPOSES OF THE COPYRIGHT ACTS

Even if this Court concludes that section 24, as construed by *Miller Music*, operates as a technical impediment to the *Rohauer* result, the *Rohauer* result may properly be reached under the "fair use" doctrine codified by section 107 of the 1976 Act.[67]

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[66] Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong., 1st Sess. (H. Jud. Comm. Print 1961), at 57; *Register's 1965 Supplementary Report*, *supra* note 25, at 94 ("this means perpetuating the complexities, uncertainties, and ambiguities of the renewal section for another 28 years").

[67] Section 107 identifies four factors that are neither exclusive nor conclusive:

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The court of appeals rejected the fair use defense, reversing the summary judgment on this ground, primarily because of its finding on the fourth factor of section 107. Based on a misunderstanding of remarks by petitioners' counsel at oral argument,[68] the panel concluded that the Film's 1983 re-release caused a cable television programmer, Home Box Office, to abandon a project to make a new television version of the Short Story under license from respondent Abend. Pet.App. 40.[69]

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(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

[68] The Ninth Circuit regularly tape records oral argument. Ninth Circuit R. 34-4. Petitioners' counsel has obtained a copy of the recorded argument below. The portion of the argument apparently relied upon by the court below is reprinted at Pet.App. 85.

[69] The sole and uncontradicted evidence, from an HBO executive's deposition, was that the project "fizzled" not because of the Film's re-release, but because the HBO script "wasn't very good" and "it's very hard to cast a remake of a classic film." HBO's executive expressly testified that the lawful "existence" of the Film, not its disputed "re-release" caused the casting problem. R.92: Potter Depo. 21-25, reprinted in J.A. 21-25. Counsel's comments at the Ninth Circuit hearing merely invited the panel to compare the very material differences between the Short Story and the Film to appreciate why HBO's script (based solely on the Short Story) could never be "very good" without using the "new matter" added by the Film, *e.g.*, the Grace Kelly character and love interest. Hitchcock credited Woolrich for only about 20 percent of the Film's *story*. Note 11,

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Even if there were evidence that the re-release of the Film had an adverse impact on new versions of the Short Story, the fair use defense is still available. The same 1976 Congress that codified the "fair use" doctrine under section 107 also determined that the derivative-works exception to the statutory "second chance" termination provisions of sections 203 and 304 reflected "a practical compromise that will further the objectives of the copyright law while recognizing the problems and legitimate needs of all interests involved." H.R. 94-1476, 94th Cong., 2d Sess., at 124 (1976).[70] Application of the fair-use doctrine to reach the same result under the "second chance" policy of § 24 would be consistent with the purposes of the 1976 Congress.[71]

But even more fundamentally, the majority below overlooked that the statutory "fair use" factors are neither exclusive nor conclusive, but intended to help focus attention on the overall fairness of the use based on an "equitable rule of reason". *Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549 n.3, 560 (1985). The

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supra. In light of the uncontradicted evidence, no contrary "admission" was likely or actually made. This Court is "loath to attach conclusive weight to the relatively spontaneous responses of counsel to equally spontaneous questioning. . . during oral argument." *Moose Lodge No. 107 v. Irvis*, 407 U.S. 163, 170 (1972).

[70] The statutory derivative-works exception applies to *all* derivative works and applies without regard to the possible adverse competitive impact that continued use of the derivative work might have on new versions of the prior work authorized by the prior work's author or that author's statutory successor. *Mills Music*, 469 U.S. at 173.

[71] The infringement action here arises from conduct occurring after January 1, 1978 and is thus governed by the 1976 Copyright Act. *See* Transitional and Supplementary Provision § 112, Pub.L. No. 94-553, 90 Stat. 2541 (1976).

majority acknowledged the "compelling equitable considerations" favoring the Film, Pet.App. 31, but failed to draw the appropriate legal conclusion.

Additionally, the defense is said to be based on the fiction of "implied consent"[72] and is often applied to avoid rigid applications of the Copyright Act that occasionally stifle desired creativity. *Id.*, at 550-551 & n.3. Here, the consent by the author, Woolrich, was actual not implied. Any other conclusion assumes that an author grants renewal rights with the hope that his death will occur soon enough to defeat the grant. That consent would be thwarted, if at all, only by Woolrich's untimely death and by a rigid application of section 24 that would defeat the very copyright creativity intended by sections 7 and 24.

Recognition of the fair use defense here would accomplish an equitable result that encourages authorship of new derivative works without discouraging the authorship of prior works.

III. CONCLUSION

The judgment of the court of appeals should be reversed with instructions to affirm the district court's summary judgment of dismissal.

November 16, 1989

Respectfully submitted,

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[72] This Court has stated that the ultimate fair use issue is whether allowing defendants' use will discourage authors from making new works. *See Harper & Row*, 471 U.S. at 546; *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 & n. 10 (1984).

APPENDIX

CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED

THE CONSTITUTION OF THE UNITED STATES

Article I, section 8 of the Constitution provides that:

The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

The First Amendment to the Constitution provides that:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof; or abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances.

THE COPYRIGHT ACT OF 1909

Sec. 1. Exclusive rights as to copyrighted works

Any person entitled thereto, upon complying with the provisions of this title, shall have the exclusive right:

(a) To print, reprint, publish, copy, and vend the copyrighted work;

(b) To translate the copyrighted work into other languages or dialects, or make any other version thereof,

if it be a literary work; to dramatize it if it be a nondramatic work; to convert it into a novel or other nondramatic work if it be a drama; to arrange or adapt it if it be a musical work; to complete, execute, and finish it if it be a model or design for a work of art;

(c) To deliver, authorize the delivery of, read, or present the copyrighted work in public for profit if it be a lecture, sermon, address or similar production, or other nondramatic literary work; to make or procure the making of any transcription or record thereof by or from which, in whole or in part, it may in any manner or by any method be exhibited, delivered, presented, produced, or reproduced; and to play or perform it in public for profit, and to exhibit, represent, produce, or reproduce it in any manner or by any method whatsoever. The damages for the infringement by broadcast of any work referred to in this subsection shall not exceed the sum of $100 where the infringing broadcaster shows that he was not aware that he was infringing and that such infringement could not have been reasonably foreseen; and

(d) To perform or represent the copyrighted work publicly if it be a drama or, if it be a dramatic work and not reproduced in copies for sale, to vend any manuscript or any record whatsoever thereof; to make or to procure the making of any transcription or record thereof by or from which, in whole or in part, it may in any manner or by any method be exhibited, performed, represented, produced, or reproduced; and to exhibit, perform, represent, produce, or reproduce it in any manner or by any method whatsoever; and

(e) To perform the copyrighted work publicly for profit if it be a musical composition; and for the purpose of public performance for profit, and for the purposes set forth in subsection (a) hereof, to make any arrangement or setting of it or of the melody of it in any system of notation or any form of record in which the thought of an author may be recorded and from which it may be read or reproduced: *Provided*, That the provisions of this title, so far as they secure copyright controlling the parts of instruments serving to reproduce mechanically the musical work, shall include only compositions published and copyrighted after July 1, 1909, and shall not include the works of a foreign author or composer unless the foreign state or nation of which such author or composer is a citizen or subject grants, either by treaty, convention, agreement, or law, to citizens of the United States similar rights . . . .

Sec. 5. Classification of works for registration

The application for registration shall specify to which of the following classes the work in which copyright is claimed belongs:

(a) Books, including composite and cyclopedic works, directories, gazetteers, and other compilations.

(b) Periodicals, including newspapers.

(c) Lectures, sermons, addresses (prepared for oral delivery).

(d) Dramatic or dramatico-musical compositions.

(e) Musical compositions.

(f) Maps.

(g) Works of art; models or designs for works of art.

(h) Reproductions of a work of art.

(i) Drawings or plastic works of a scientific or technical character.

(j) Photographs.

(k) Prints and pictorial illustrations including prints or labels used for articles of merchandise.

(l) Motion-picture photoplays.

(m) Motion pictures other than photoplays.

The above specifications shall not be held to limit the subject matter of copyright as defined in section 4 of this title, nor shall any error in classification invalidate or impair the copyright protection secured under this title.

Sec. 7. Copyright on Compilations of Works in Public Domain or of Copyrighted Works; Subsisting Copyrights Not Affected

Compilations or abridgments, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title; but the publication

of any such new works shall not affect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

Sec. 24. Duration; Renewal and Extension

The copyright secured by this title shall endure for twenty-eight years from the date of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living,

then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the copyright office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further,* That in default of the registration of such application for renewal and extension, the copyright in any work shall determine at the expiration of twenty-eight years from first publication.

Sec. 28. Assignments and bequests

Copyright secured under this title or previous copyright laws of the United States may be assigned, granted, or mortgaged by an instrument in writing signed by the proprietor of the copyright, or may be bequeathed by will.

THE COPYRIGHT ACT OF 1976

Sec. 103. Subject Matter of Copyright: Compilations and Derivative Works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Sec. 106. Exclusive rights in copyrighted works

Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work;

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and

(5) in the case of literary, music, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly.

Sec. 107. Limitations on Exclusive Rights: Fair Use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include –

(1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) The effect of the use upon the potential market for or value of the copyrighted work.

. . . .

Sec. 203. Termination of Transfers and Licenses Granted by the Author

(a) Conditions for Termination: In the case of any work other than a work made for hire, the exclusive or nonexclusive grant of a transfer or license of copyright or of any right under a copyright, executed by the author on or after January 1, 1978, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by one author, termination of the grant may be effected by that author or, if the author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest. In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of the authors who executed it; if any of such authors is dead, the termination interest of any such author may be exercised as a unit by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of

such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant; or, if the grant covers the right of publication of the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier.

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of owners of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(b) Effect of Termination. Upon the effective date of termination, all rights under this title that were covered by the terminated grants revert to the author, authors, and other persons owning termination interests under clauses (1) and (2) of subsection (a), including those owners who did not join in signing the notice of termination under clause (4) of subsection (a), but with the following limitations:

(1) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(2) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of subsection (a). The rights vest in the author, authors, and other persons named in, and in the proportionate shares provided by, clauses (1) and (2) of subsection (a).

(3) Subject to the provisions of clause (4) of this subsection, a further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right has vested under clause (2) of this subsection, as are required to terminate the grant under clauses (1) and (2) of subsection (a). Such

further grant or agreements is effective with respect to all of the persons in whom the right it covers has vested under clause (2) of this subsection, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this clause.

(4) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a).

(5) Termination of a grant under this section affects only those rights covered by the grants that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(6) Unless and until termination is effected under this section, the grant, if it does not provide otherwise, continues in effect for the term of copyright provided by this title.

Sec. 302. Duration of Copyright: Works Created on or after January 1, 1978

(a) In General. Copyright in a work created on or after January 1, 1978, subsists from its creation and, except as provided by the following subsections, endures

for a term consisting of the life of the author and fifty years after the author's death.

(b) Joint Works. In the case of a joint work prepared by two or more authors who did not work for hire; the copyright endures for a term consisting of the life of the last surviving author and fifty years after such last surviving author's death.

(c) Anonymous Works, Pseudonymous Works, and Works Made for Hire. In the case of an anonymous work, a pseudonymous work or a work made for hire, the copyright endures for a term of seventy-five years from the year of its first publication, or a term of one hundred years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed in the records of a registration made for that work under subsections (a) or (d) of section 408, or in the records provided by this subsection, the copyright in the work endures for the term specified by subsection (a) or (b), based on the life of the authors or authors whose identity has been revealed. Any person having an interest in the copyright in an anonymous or pseudonymous work may at any time record, in records to be maintained by the Copyright Office for that purpose, a statement identifying one or more authors of the work; the statement shall also identify the person filing it, the nature of that person's interest, the source of the information recorded, and the particular work affected, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation.

(d) Records Relating to Death of Authors. Any person having an interest in a copyright may at any time record in the Copyright Office a statement of the date of death of the author of the copyrighted work, or a statement that the author is still living on a particular date. The statement shall identify the person filing it, the nature of that person's interest, and the source of the information recorded, and shall comply in form and content with requirements that the Register of Copyrights shall prescribe by regulation. The Register shall maintain current records of information relating to the death of authors of copyrighted works, based on such recorded statements and, to the extent the Register considers practicable, on data contained in any of the records of the Copyright Office or in other reference sources.

(e) Presumption as to Author's Death. After a period of seventy-five years from the year of first publication of a work, or a period of one hundred years from the year of its creation, whichever expires first, any person who obtains from the Copyright Office a certified report that the records provided by subsection (d) disclose nothing to indicate that the author of the work is living, or died less than fifty years before, is entitled to the benefit of a presumption that the author has been dead for at least fifty years. Reliance in good faith upon this presumption shall be a complete defense to any action for infringement under this title.

Sec. 304. Duration of Copyright: Subsisting Copyrights

(a) Copyrights in Their First Term on January 1, 1978. Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for twenty-eight years from the date it was originally secured: *Provided*, That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*, That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further*,

That in default of the registration of such application for renewal and extension, the copyright in any work shall terminate at the expiration of twenty-eight years from the date copyright was originally secured.

(b) Copyrights in Their Renewal Term or Registered for Renewal Before January 1, 1978. The duration of any copyright, the renewal term of which is subsisting at any time between December 31, 1976, and December 31, 1977, inclusive, or for which renewal registration is made between December 31, 1976, and December 31, 1977, inclusive, is extended to endure for a term of seventy-five years from the date copyright was originally secured.

(c) Termination of Transfers and Licenses Covering Extended Renewal Term. In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by the second proviso of subsection (a) of this section, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by a person or persons other than the author, termination of the grant may be effected by the surviving person or persons who executed it. In the case of a grant executed by one or more of the authors of the work, termination of the grant may be effected, to the extent of a particular author's share in the ownership of the renewal copyright, by the

author who executed it or, if such author is dead, by the person or persons who, under clause (2) of this subsection, own and are entitled to exercise a total of more than one-half of that author's termination interest.

(2) Where an author is dead, his or her termination interest is owned, and may be exercised, by his widow or her widower and his or her children or grandchildren as follows:

(A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;

(B) the author's surviving children and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half of the author's interest is divided among them;

(C) the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of such author's children represented; the share of the children of a dead child in a termination interest can be exercised only by the action of a majority of them.

(3) Termination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later.

(4) The termination shall be effected by serving an advance notice in writing upon the grantee or the grantee's successor in title. In the case of a grant executed by a person or persons other than the author, the notice shall be signed by all of those entitled to terminate the grant under clause (1) of this subsection, or by their duly authorized agents. In the case of a grant executed by one or more of the authors of the work, the notice as to any one author's share shall be signed by that author or his or her duly authorized agent or, if that author is dead, by the number and proportion of the owners of his or her termination interest required under clauses (1) and (2) of this subsection, or by their duly authorized agents.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation.

(5) Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant.

(6) In the case of a grant executed by a person or persons other than the author, all rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to all of those entitled to

terminate the grant under clause (1) of this subsection. In the case of a grant executed by one or more of the authors of the work, all of a particular author's rights under this title that were covered by the terminated grant revert, upon the effective date of termination, to that author or, if that author is dead, to the persons owning his or her termination interest under clause (2) of this subsection, including those owners who did not join in signing the notice of termination under clause (4) of this subsection. In all cases the reversion of rights is subject to the following limitations:

(A) A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

(B) The future rights that will revert upon termination of the grant become vested on the date the notice of termination has been served as provided by clause (4) of this subsection.

(C) Where the author's rights revert to two or more persons under clause (2) of this subsection, they shall vest in those persons in the proportionate shares provided by that clause. In such a case, and subject to the provisions of subclause (D) of this clause, a further grant, or agreement to make a further grant, of a particular author's share with respect to any right covered by a terminated grant is valid only if it is signed by the same number and proportion of the owners, in whom the right

has vested under this clause, as are required to terminate the grant under clause (2) of this subsection. Such further grant or agreement is effective with respect to all of the persons in whom the right it covers has vested under this subclause, including those who did not join in signing it. If any person dies after rights under a terminated grant have vested in him or her, that person's legal representatives, legatees, or heirs at law represent him or her for purposes of this subclause.

(D) A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination. As an exception, however, an agreement for such a further grant may be made between the author or any of the persons provided by the first sentence of clause (6) of this subsection, or between the persons provided by subclause (c) of this clause, and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of this subsection.

(E) Termination of a grant under this subsection affects only those rights covered by the grant that arise under this title, and in no way affects rights arising under any other Federal, State, or foreign laws.

(F) Unless and until termination is effected under this subsection, the grant, if it does not provide otherwise, continues in effect for the remainder of the extended renewal term.

. . . .

Sec. 502. Remedies for infringement: Injunctions

(a) Any court having jurisdiction of a civil action arising under this title may, subject to the provisions of section 1498 of title 28, grant temporary and final injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.

(b) Any such injunction may be served anywhere in the United States on the person enjoined; it shall be operative throughout the United States and shall be enforceable, by proceedings in contempt or otherwise, by any United States court having jurisdiction of that person. The clerk of the court granting the injunction shall, when requested by any other court in which enforcement of the injunction is sought, transmit promptly to the other court a certified copy of all the papers in the case on file in such clerk's office.

Sec. 503. Remedies for infringement: Impounding and disposition of infringing articles

(a) At any time while an action under this title is pending, the court may order the impounding, on such terms as it may deem reasonable, of all copies or phonorecords claimed to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

(b) As part of a final judgment or decree, the court may order the destruction or other reasonable disposition of all copies or phonorecords found to have been made or used in violation of the copyright owner's exclusive rights, and of all plates, molds, matrices, masters, tapes, film negatives, or other articles by means of which such copies or phonorecords may be reproduced.

Sec. 504. Remedies for Infringement: Damages and Profits

(a) In General. Except as otherwise provided by this title, an infringer of copyright is liable for either –

(1) the copyright owner's actual damages and any additional profits of the infringer, as provided by subsection (b); or

(2) statutory damages, as provided by subsection (c).

(b) Actual Damages and Profits. The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

(c) Statutory Damages.

(1) Except as provided by clause (2) of this subsection, the copyright owner may elect, at any time before final judgment is rendered, to recover, instead of actual damages and profits, an award of statutory damages for all infringements involved in the action, with respect to any one work, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than $250 or more than $10,000 as the court considers just. For the purposes of this subsection, all the parts of a compilation or derivative work constitute one work.

(2) In a case where the copyright owner sustains the burden of proving, and the court finds, that infringement was committed willfully, the court in its discretion may increase the award of statutory damages to a sum of not more than $50,000. In a case where the infringer sustains the burden of proving, and the court finds, that such infringer was not aware and had no reason to believe that his or her acts constituted an infringement of copyright, the court in its discretion may reduce the award of statutory damages to a sum of not less that $100. The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds believing that his or her use of the copyrighted work was a fair use under section 107, if the infringer was: (i) an employee or agent of a nonprofit educational institution, library, or archives acting within the scope of his or her employment who, or such institution, library, or archives itself, which

infringed by reproducing the work in copies or phonorecords; or (ii) a public broadcasting entity which or a person who, as a regular part of the nonprofit activities of a public broadcasting entity (as defined in subsection (g) of section 118) infringed by performing a published nondramatic literary work or by reproducing a transmission program embodying a performance of such a work.

Sec. 505. Remedies for Infringement: Costs and Attorney's Fees

In any civil action under this title, the court in its discretion may allow the recovery of full costs by or against any party other than the United States or an officer thereof. Except as otherwise provided by this title, the court may also award a reasonable attorney's fee to the prevailing party as part of the costs.

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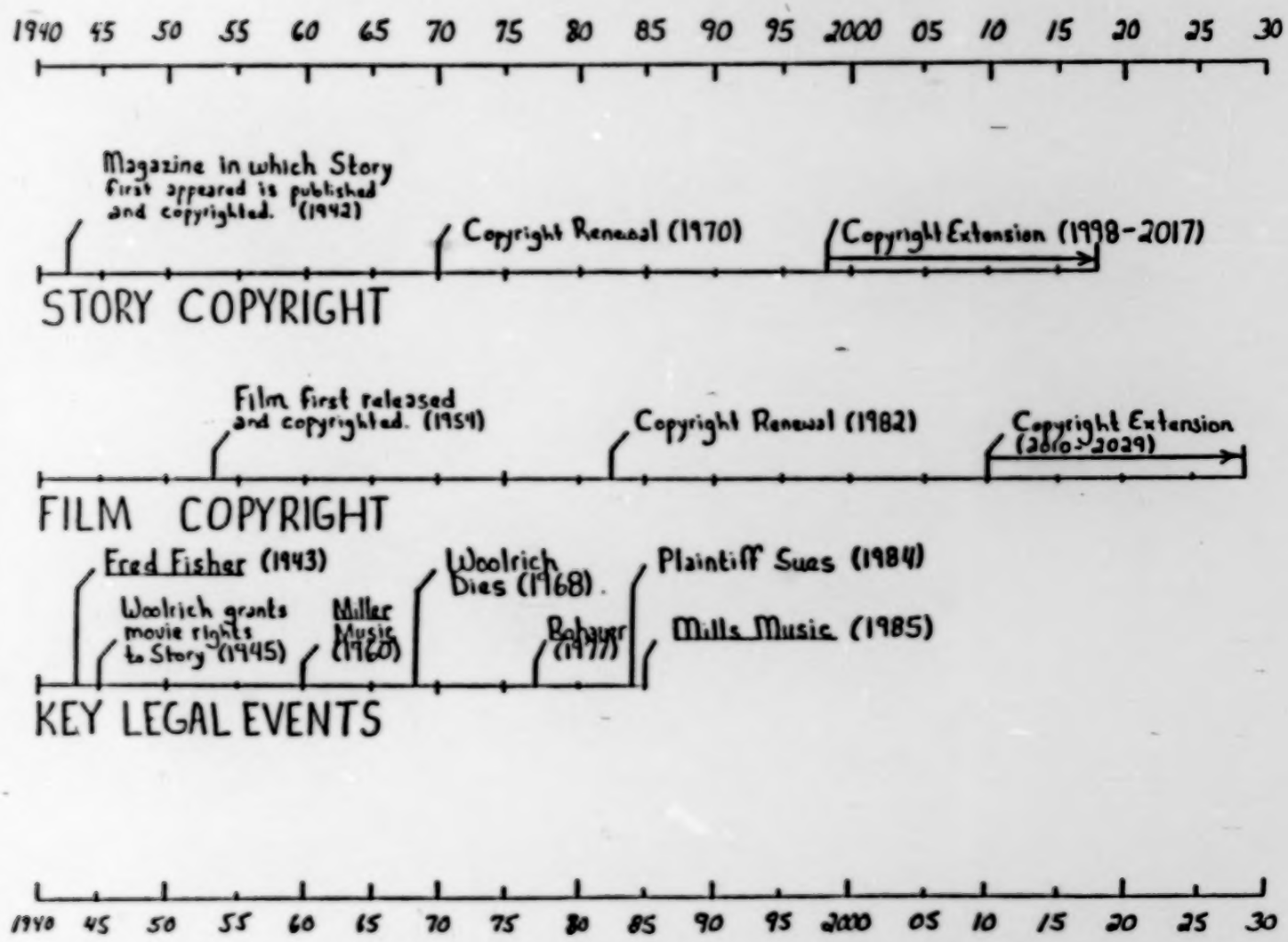
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Copyright Renewal (1970)
Copyright Extension (1998-2017)
STORY COPYRIGHT
Film first released and copyrighted. (1954)
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No. 88-2102

Supreme Court, U.S.
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In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED H. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.,

Petitioners,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

BRIEF FOR THE RESPONDENT

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COUNTER-STATEMENT

OF

QUESTIONS PRESENTED

This case involves the interpretation of the Copyright Act of 1976, and concerns Congress' decision to preserve the renewal scheme of the Copyright Act of 1909 as to works prepared prior to the effective date of the 1976 Act. The questions are:

1. Whether this Court should interpret the 1976 Act according to its plain meaning and Congress' clear decision to ratify the interpretation given to the renewal scheme by the Courts, the Register of Copyrights, and the affected groups, or instead intervene to prevent owners of derivative works from paying over to the owners of literary works that portion of the profits attributable to the unauthorized use of those literary works during the renewal term of their copyrights?

2. Whether this Court should apply to works created before 1978, a provision of the 1976 Act which Congress carefully made inapplicable to works created before 1978, and thereby upset in one group's favor the balance of compromises which Congress enacted with the endorsement of the affected groups?

3. Whether the 1976 Act's provisions giving effect to Congress' decision to preserve the existing balance of rights as to pre-1978 works, should be defeated by expanding the fair use defense beyond its statutory limitations to provide motion picture producers with free licenses to commercially exploit fictional literary works protected by valid renewal copyrights, directly interfering and in competition with the rights of the owners of the literary works to authorize new versions?

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No. 88-2102

In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED H. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.,

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

BRIEF FOR THE RESPONDENT

STATEMENT OF THE CASE

This is a case of statutory construction. The Court's task is made simple by Congress' *verbatim* re-enactment of prior statutory provisions in order to ratify and preserve the interpretations given those provisions by the Courts, the Register of Copyrights and the affected groups.

1. The Copyright Act of 1909.

(a) The Two-Term System of Copyright.

Our Copyright Acts have long given authors and statutorily designated persons the right to a renewal

copyright upon the expiration of the author's original copyright. Initially, the renewal was seen as a mere continuation of the first term, since renewal could be claimed by the author or his executors, administrators or assigns.[1] In 1831, Congress deleted the author's assigns from the class of renewal claimants and included the author's surviving spouse and children if he does not survive to renew.[2] This change was immediately interpreted as making the renewal copyright a "new interest," separate from the initial term. *Pierpont v. Fowle*, 19 F. Cas. 652, 660 (C.C.D.Mass. 1846) (No. 11, 152). Although the author could assign his "contingent interest" in the renewal copyright, his assignment could not "dispose" of the renewal interest of his widow or children. G.T. Curtis, *The Law of Copyright* 235 (1847). The renewal provisions reflected "an entirely new policy, completely dissevering the title, breaking up the continuance . . . and vesting an absolutely new title *eo nomine* in the persons designated," in order to give the author or his statutory successor a second chance to control the author's work. *White-Smith Music Publishing Co. v. Goff*, 187 F. 247, 250, 252-53 (1st Cir. 1911).

The Copyright Act of 1909 preserved the two term system of copyright because "[i]t not infrequently happens that the author sells his copyright outright to a publisher for a comparatively small sum." H.R. Rep. No. 60-2222, 60th Cong., 2d Sess., p.14 (1909). The renewal copyright allows authors or their successors a second opportunity to control the work free of contracts made when the author was "in a poor bargaining position" because copyrighted material, "unlike real property and other forms of personal property, is by its very nature incapable of accurate monetary evaluation prior to its exploitation." 2 M. & D. Nimmer, *Nimmer on Copyright*,

[1]

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[1] Copyright Act of May 31, 1790, ch. XV, 1 Stat. 124.

[2] Copyright Act of February 3, 1831, ch. XVI, 4 Stat. 436.

§ 9.02 at 9-23 to 9-24 (hereinafter "___ *Nimmer on Copyright* ___").[3] The renewal copyright also provided protection to the author's family, estate or next of kin, by acting as a "compulsory bequest of the copyright" to the designated statutory successors. *De Sylva v. Ballentine*, 351 U.S. 570, 582 (1956) ("*De Sylva*").

Although an author could, as a matter of contract law, alienate his contingent right to claim the renewal copyright which he might live to obtain, *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943) ("*Fred Fisher*"), it was universally acknowledged that an author could not convey the renewal expectancies of his statutory successors. The author's surviving spouse, children, executor or next-of-kin took the renewal copyright free and clear of the author's first-term grants; and continued use of the material protected by their independent renewal copyright without their consent constitutes infringement.[4]

It would understate the matter to say these principles were well-established features of the 1909 Act. *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960) ("*Miller Music*") [Author's assignment of rights in renewal copyright completely unenforceable as to author's executor who obtained renewal copyright after

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[3] Prior to his death in 1985, Professor Melvin Nimmer was co-counsel for respondent in the action filed in the District Court.

[4] The author's wife or other potential successor could, for separate consideration, also effectively assign their own renewal expectancy, subject to the contingency that they survive the author. S.Spring, *Risks and Rights in Publishing, Television, Radio, Motion Pictures, Advertising and the Theatre* 95 (1956); *Tobani v. Carl Fischer, Inc.*, 263 App. Div. 503, 33 N.Y. Supp.2d 294 (1942), *aff'd per curium*, 289 N.Y. 727, 46 N.E. 2d 347 (1942) [Assignment of wife's expectancy in renewal copyrights in songs for $5,000]. For clarity, respondent will assume in this Brief that the author's successors did not convey their own renewal expectancies.

author's death]; *De Sylva*, 351 U.S. 570, 582 (1956) ["(A)uthor cannot assign his family's renewal rights. . . ."]; *Fred Fisher*, 318 U.S. 643, 651, 655-56 (1943) [Copyright Acts do not prevent author from assigning his "contingent interest in the renewal"]; *M. Witmark & Sons v. Fred Fisher Music Co.*, 125 F.2d 949, 950 (2d Cir. 1942) and at 38 F. Supp. 72, 74 (S.D.N.Y. 1941) [If author had died before obtaining renewal copyright, his agreement to convey rights in renewal copyright would be ineffective]; *Fox Film Corp. v. Knowles*, 261 U.S. 326, 329-30 (1923) [Deceased author's executor claims renewal copyright as statutory successor, not on principle of testamentary succession to existing copyright]; *Rose v. Bourne*, 279 F.2d 79, 80 (2d Cir. 1960), *cert. denied*, 364 U.S. 880; *Carmichael v. Mills Music, Inc.*, 121 F. Supp. 43, 45 (S.D.N.Y. 1954); *Shapiro, Bernstein & Co. v. Bryan*, 123 F.2d 697, 699-700 (2d Cir. 1941); *Fitch v. Shubert*, 20 F. Supp. 314, 315 (S.D.N.Y. 1937).[5]

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[5] *See also* 28 Op. Att'y Gen. 162, 166 (1910) [Only statutorily designated persons may renew, although contract by "author or other persons entitled to the renewal" to assign renewal copyright may be enforceable]; A.W. Weil, *American Copyright Law* 366 (1917); L.H. Amdur, *Copyright Law and Practice* 541, 555 (1936); S.P. Ladas, *The International Protection of Literary and Artistic Property* 772-73 (1938); A.M. Shafter, *Musical Copyright* 177 (2d Ed. 1939) [Widow and children not bound but open question whether executor, as author's representative, bound]; H.A. Howell, *The Copyright Law* 108-09 (1942); H.G. Ball, *The Law of Copyright and Literary Property* 555-56 (1944); S.J. Brown, *Renewal Rights in Copyright*, 28 Cornell L.Q. 460, 470, 472-73 (1943); Z. Chafee, *Reflections on the Law of Copyright: II*, 45 Colum. L. Rev. 719, 722-23, 726 (1945) ["No matter what the author signs, he cannot cut off his widow's right to renew . . . (T)he 1909 Act gives a posthumous veto power to the surviving relatives . . . "]; S. Spring, *Risks and Rights In Publishing, Television, Radio, Motion Pictures, Advertising and the Theatre* 94-95 (2d Ed. 1956); Note, *Copyright Renewal*, 10 Air L. Rev. 198, 198-201 (1941); Note, *Copyright Renewal*

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In sum, under the 1909 Act the author could, during the first term of copyright, only assign his expectancy in the renewal term subject to the contingency that he live to renew. If the author did not live to renew, his statutory successor took a new copyright free and clear of the author's grants.

(b) The Principle That a Copyright in a New Version Only Attaches to the Embellishments to an Underlying Work.

Although § 7 of the 1909 Act was the first specific codification of a right to separately copyright new versions of pre-existing works,[6] the Courts have long recognized that copyright protection could be claimed for the original additions or arrangements of existing materials. *See, e.g., Gray v. Russell*, 10 F. Cas. 1035, 1037-38 (C.C.D.Mass. 1839) (No. 5,728); *Emerson v. Davies*, 8 F. Cas. 615, 618-19 (C.C.D.Mass. 1845) (No. 4,436); *Shook v. Rankin*, 21 F. Cas. 1335, 1336 (C.C.N.D.Ill. 1875) (No. 12,804).

The Courts have also uniformly held that the copyright in a new version pursuant to § 7 of the 1909 Act, like the copyright in any pre-existing work, only attaches to the matter which is original with the author of the new

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Rights, 15 S. Cal. L. Rev. 108, 109-10 (1941); Note, *Right of Author to Assign Renewal Interest*, 17 Temp. L. Q. 299, 301 (1943); Note, *Assignment of Author's Renewal Interest*, 18 Ind. L. J. 318, 319 n. 18 (1943).

[6] Section 5 of the Copyright Act of 1891 did provide that "alterations, revisions, and additions made to books of foreign authors could be copyrighted. 26 Stat. 1106, 1108 (1891). Section 4 of the Copyright Act of 1865 provided that the 'books' subject to copyright under the Act of 1831 included 'any second or subsequent edition which shall be published with any additions, ...'" 13 Stat. 540 (1865).

version. *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 92-93 (2d Cir. 1981) ["Since 1909, the courts of this Circuit have held almost without exception that a derivative copyright is a good copyright only with regard to the original embellishments and additions it has made in the underlying work"], and cases cited therein; *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir. 1979), *cert. denied*, 446 U.S. 952; *Harris v. Coca-Cola Co.*, 73 F.2d 370, 371-72 (5th Cir. 1934); *Gerlach-Barklow Co. v. Morris & Bendien*, 23 F.2d 159, 161 (2d Cir. 1927); *McCaleb v. Fox Film Corp.*, 299 F. 48, 49 (5th Cir. 1924); *DuPuy v. Post Telegram*, 210 F. 883 (3d Cir. 1914). *See, also*, A.W. Weil, *American Copyright Law* 178 (1917); H.G. Ball, *The Law of Copyright and Literary Property* 105 (1944).

Under § 7 of the 1909 Act, the copyright in the subsisting material survives intact after the material incorporated into a derivative work. *Gilliam v. American Broadcasting Cos.*, 538 F.2d 14, 19-20 (2d Cir. 1976); *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469, 471 (2d Cir. 1951), *cert. denied*, 342 U.S. 849; *Grove Press, Inc. v. Greenleaf Publishing Co.*, 247 F. Supp. 518, 524 (E.D.N.Y. 1965); *Shapiro Bernstein & Co. v. Jerry Vogel Music Co.*, 115 F. Supp. 754, 757, 760 (S.D.N.Y. 1953) [Derivative work could not be used after renewal of underlying copyright without consent of renewal claimant], *rev'd on other grounds*, 221 F.2d 569, *modified*, 223 F.2d 252.

A derivative copyright under the 1909 Act therefore attached only to the new matter and did not impinge upon the exclusive rights granted to the underlying copyrighted materials.

(c) The Prevailing View that a Deceased Author's Statutory Successors Own the Exclusive Rights to the Exploitation of their Copyrighted Material Embodied in a Derivative Work.

The operation of the renewal scheme and the respective rights of the owners of renewal copyrights in basic

and in derivative works, have been predictable and certain: One who makes a derivative version of an author's work during the first term of the work's copyright simply bears the risk that the author may die before renewal, and that the author's statutory successor will then have a veto power over continued use of the author's work incorporated in the derivative work during the renewal term.

This conclusion followed directly from the axiom that one may not exploit, copy or otherwise use material protected by a copyright unless either (1) they have a valid license from the owner of the copyright in the material or (2) they own an interest in the copyrighted material. 1 *Nimmer on Copyright*, § 3.07[A] at 3-23 to 3-24. Since an author's contingent grant of rights in the renewal term is ineffective if the author does not live to renew, and since a derivative copyright in, *e.g.*, a motion picture only attaches to the additions to the underlying work, the unauthorized theatrical re-release of a movie version of the literary work in the renewal term constitutes infringement of the statutory successor's renewal copyright.[7]

This was the generally accepted interpretation of the 1909 Act from its inception. An author's agreement that a motion picture version of his work could be distributed in theatres during the renewal term would be rendered "worthless" if the author died before renewal, Frolich & Schwartz, *The Law of Motion Pictures* 549 (1918), and the deceased author's statutory successors "could even proceed against the original grantee as an infringer, if distribution and exhibition of the picture were continued after renewal, ..." R. DeWolf, *An Outline of Copyright Law* 128-29 (1925). *See, also, Shapiro Bernstein & Co.*, 115 F.

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[7] Re-release of an existing print would infringe the exclusive right to perform or exhibit the work, and impinge the right to make new versions. If the re-release involved new copies of the derivative work and, thus, the underlying work, the exclusive right to copy the underlying copyrighted work would also be infringed. *See* below at 15 n.24.

Supp. 754, 760; *Selwyn & Co. v. Veiller*, 43 F. Supp. 491, 493-94 (S.D.N.Y. 1942); *Trust Co. Bank v. MGM/UA Entertainment Co.*, 772 F.2d 740, 742 (11th Cir. 1985), and at 593 F. Supp. 580, 584-85 (N.D.Ga. 1984).

Any doubt that this was the prevailing view of the workings of the renewal scheme in the context of movies is dispelled by the 1955 article by Seymour Bricker, petitioner MCA, Inc's own in-house counsel at the time and a member of the American Bar Association Committee on Copyright Law Revision. S. Bricker, *Renewal and Extension of Copyright*, 29 S. Cal. L. Rev. 23 (1955). In that article, Mr. Bricker stated, without qualification, his and the movie industry's view:

> "If a motion picture company buys from an author all rights in a novel, it may validly copyright the motion picture photoplay in its own name and renew that copyright at the appropriate time. But if the author dies prior to time for renewal of the basic work, the widow may renew this copyright and thus deprive the company of any rights to continue to release the photoplay during the renewal term of the basic work."[8]

29 S. Cal. L. Rev. 23, 43. *Accord, Nimmer on Copyright*, § 45.1, at 177 (1963); 2 *Nimmer on Copyright* § 118 (1976); E. Fulton Brylawski, *Renewal of Copyright in a Magazine Contribution: A Belated View*, 42 Geo. Wash. L. Rev. 737, 737 (1974).

A study prepared for the Register's Office in connection with the general revision of the copyright laws, also interpreted §§ 7 and 24 of the 1909 Act to provide that continued exploitation of a derivative work made with an author's grant of rights in the first and renewal term

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[8] This risk of non-vesting of renewal rights did not prevent the movie studios from making their "massive investments" in movies or incorporating several separately copyrighted works in their films. Brief *amicus* of Columbia Pictures, *et al.*, at 4, 19-20 ("*Am.* St. Br").

would infringe the renewal copyright obtained by the deceased author's statutory successors. Studies Prepared for the Subcomm. on Patents, Trademarks and Copyrights, Comm. on the Judiciary, U.S. Sen., 86 Cong., 1st Sess., Study No. 31, *Renewal of Copyright*, B. A. Ringer (June 1960) at 169-70.[9]

It is therefore beyond dispute that "the prevailing understanding of the 1909 Act was that the owners of renewal rights in a copyrighted work might exercise a veto power over continued performance of a derivative work that had been created under a first-term grant." *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 183 (1985) (White, J., dissenting). The motion picture industry, doing business in the context of these well-established principles, simply accepted the risk that renewal rights might not vest in the author and adjusted the price paid for the author's grant of rights downward to reflect this risk. In those instances where the author did not survive to renew, the motion picture producer negotiated a new license with the author's statutory successors. Since the statutory successor cannot force the movie's owner to distribute the movie, the author's successor has a powerful incentive to provide the film's owner with sufficient profit to agree to distribute the film for their mutual gain.[10] The 1909 Act merely ensured that the author's

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[9] Study No. 31 was one of 32 studies prepared under the supervision of the Register's Office. Although the Register noted that the 32 studies, when issued, did not necessarily reflect the Register's views, Study No. 31's interpretation of this renewal issue went unchalleged and became the framework for all ensuing discussions regarding revision. Moreover, the Study's author became the Register in 1974 and did not change her interpretation. *See* below at 29.

[10] Before *Rohauer*, new licenses with authors' statutory successors allowed continued distribution of such films as "My Fair Lady," "The Sound of Music," "Gone with the Wind," and

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statutory successor would participate in the profits received when a work proved "to be a great success and lives beyond the term of twenty-eight years,. . . ." H.R. Rep. No. 2222, at 14.

2. The Copyright Act of 1976 and Congress' Decision to Preserve the Existing Renewal Scheme as to All Earlier Works.

The 1976 Act is a complete revision of the Copyright laws. The 1976 Act's termination provisions, in particular, were the result of much study and debate, and reflect a compromise approved by the affected groups and the Register of Copyrights and enacted by Congress.

In 1961, the Register proposed that the new Act preserve the concept that an author or his successor would have a second chance to control his work, and that *Fred Fisher* be abrogated by making this second chance inalienable. The Motion Picture Association of America, Inc. (the "MPAA"), a trade organization representing movie producers and distributors,[11] complained loudly. They

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"Doctor Zhivago." Melniker & Melniker, *Termination of Transfers and Licenses Under the New Copyright Law*, 22 N. Y. L. Sch. L. Rev. 589, 612-13, n.118 (1977); *Trust Co. Bank*, 593 F. Supp. 580, 584. *See, also* I. Karp, *From Roth to Rohauer: Twenty Years of Amicus Briefs*, 25 Bull. Copyright Soc'y 1, 16 (1977) ["(T)he motion picture industry for decades has interpreted the renewal clause as requiring a motion picture company to obtain a new license to exhibit a film based on a book or play, when the copyright is renewed by the author's surviving family. And countless such licenses have been granted"].

[11] The MPAA's members include petitioner MCA, Inc. and the studios which have filed a brief *amicus curiae* (the "*amicus* studios"). The Walt Disney Company is the other member of the MPAA but although it joined in the brief *amicus* filed before the Ninth Circuit it has not joined to support petitioners and the studios before this Court.

argued that in our modern "era when authors are represented by associations, guilds, agents, lawyers, tax advisors and investment counsellors"[12] the author no longer needs the renewal rights protection, and that the renewal scheme had been based on "factors that may have existed in the entertainment industry 25, 30 and 50 years ago."[13] On behalf of the movie producers, Seymour Bricker proposed a new derivative works exception to change the law so that motion picture companies could continue to distribute a film created under a first term grant.[14] The MPAA conceded retroactivity of this proposed provision would be improper. Copyright L. Revision, pt. 5, at 307, (Jan. 26, 1965) ["We appreciate that as to subsisting copyrights . . . you have felt that the present renewal system . . . might require preservation"].

After "[w]idespread discussions"[15] exhaustive study by a panel of consultants "composed of representatives of those groups most directly affected,"[16] and much debate, a compromise was reached whereby (1) Congress preserved the renewal scheme as to existing works; and (2) Works created after 1978 would be entitled to a single

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[12] Memo. Stmt., Copyright Comm. of MPAA, on H.R. 4347, before the Comm. on the Judiciary, H. Rep., Subcomm. No. 3, 89th Cong., 1st Sess., at 7 (1965).

[13] Register of Copyrights, Copyright Law Revision, pt. 2, Discussion and Comments on Report on the General Revision of the Copyright Law, 88th Cong., 1st Sess., at 104-105 [Comments of Joseph Dubin on behalf of Universal Pictures] ["Revision, Part 2"], quoted in Melniker & Melniker, 22 N.Y.L. Sch. L. Rev. 589 n.5.

[14] Revision, Part 2, at 265; M.L. Mimms, *Reversion and Derivative Works Under the Copyright Acts of 1909 and 1976*, 22 N.Y.L.Sch. L. Rev. 595, 627-28 (1980); Note, *Rohauer v. Killiam Shows, Inc. and the Derivative Work Exception to the Termination Right*, 52 S. Cal. L. Rev. 635, 645-46 (1979).

[15] Comments of Hon. Emmanuel Celler, 110 Cong. Rec. 16341 (1964).

[16] Comments of Hon. John L. McClellan, 110 Cong. Rec. 16260 (1964).

term of copyright, and authors and their statutory successors would have a right to terminate grants or licenses after 35 years;[17] and (a) An author could not alienate his right of termination, thus prospectively departing from *Fred Fisher;* but (b) The MPAA won a limitation on the scope of the termination provisions to exclude termination of the right to distribute a derivative work.[18] In order to preserve the renewal scheme as to pre-existing works, Congress simply re-enacted § 24 of the 1909 Act as § 304(a) of the 1976 Act. Congress also recodified the rule[19] that the "copyright in a . . . derivative work extends only to the material contributed by the author of such work, . . . " and that the derivative copyright "does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the pre-existing material." 17 U.S.C § 103(b).[20]

3. The Facts of this Case.

Cornell Woolrich was an American author who has been credited with creating the "noir" genre of suspense fiction in the 1940's. He was also the author of the story

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[17] The right to terminate earlier grants reflected Congress' continued concern that:

> "A provision of this sort is needed because of the unequal bargaining position of authors, resulting in part from the impossibility of determining a work's value until it has been exploited."

H. R. Rep. No. 94-1476, 94th Cong., 2d Sess. (1976), at 124.

[18] Supp. Rep. of Reg. of Copyrights on Gen. Rev. of U.S. Copyright Law, pt. 6, at 71-72, 76; I. Karp, *Copyright Ownership, Transfer and Termination; Exemption and Fair Use,* 13 Bull. Copyright Soc'y U.S.A. 31, 35-36 (1965).

[19] See above at 5-6.

[20] The derivative work exception to the termination right does not run afoul of § 103 because Congress merely limited the scope of the power to terminate licenses and grants to

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"Rear Window" (the "Story"), which was first published in 1942.[21] In 1945, Cornell Woolrich granted B.G. De Sylva Productions the right to make motion picture versions of six of his stories, including the Rear Window Story, for the flat sum of $9,250, or $1,542 per literary work. The contract also contained a clause that, for no additional consideration, Mr. Woolrich would assign to De Sylva Productions the same movie rights in any renewal copyrights he obtained in the future. De Sylva Productions then transferred the rights it acquired from Mr. Woolrich to George De Sylva and George Cohen, who in turn sold the movie rights to the Rear Window Story, alone, to Orange Productions, Inc., for $10,000, or almost tenfold what Mr. Woolrich received. R. 122 at Exh. 38-41. Orange then assigned the movie rights in the Story to Patron, Inc., for $10,000 plus the right to "deferred compensation" consisting of a share of future revenues from

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exclude termination of the contractual right to continued distribution. That is, a movie can be distributed after termination only because the license to distribute is not within the sweep of the termination right, and not because the derivative copyright in the movie confers some type of property right in the underlying copyrighted material.

[21] The setting, characters, plot, events and theme of Woolrich's Rear Window Story are easily recognized by anyone who has seen the movie version: The entire story is set in the apartment of Hal Jeffries who, confined to his apartment because of a broken leg, takes to observing the lives of his neighbors through his rear window. He begins to suspect that one of his neighbors, Lars Thorwald, has done away with his wife but Jeffries is unable to convince his police detective friend that Thorwald murdered his spouse, who is supposedly out of town. The suspense grows as Jeffries tries to establish Mrs. Thorwald's death by calling and writing Mr. Thorwald to goad him into incriminating himself. Thorwald eventually realizes that Jeffries is his tormentor and attacks Jeffries, all but helpless in his cast, in Jeffries' apartment. Jeffries survives in the suspenseful climax just before his detective friend arrives.

the exploitation of the movie version of the Story. R. 122, Exh. 20.

In 1954, the motion picture version of the Story was produced and distributed by Paramount Pictures.[22] The Rear Window Film depicts Hal Jeffries, confined to his apartment with a broken leg, watching his "rear window neighbors" and becoming convinced that Lars Thorwald had murdered his wife. The all-important setting of the Film and Story are identical, and the Story's characters, theme, plot and crucial sequence of events appear in the Film. In typical Hollywood fashion, the Film creates a "love interest" by adding Jeffries' girlfriend, who nevertheless performs several of the important functions of another character in the Story.[23]

The Film generated at least $7,880,000, or seven times its cost, for petitioners during the first term of the Story's copyright. R. 122, Exh. 28. Despite the substantial portion of the Film which owes its origin to Mr. Woolrich, he did not receive a penny for the Film's use of the Story in the first term of copyright beyond the $9,250 paid for six of his works.

Cornell Woolrich died in 1968, without surviving spouse or child, and the author's executor, Chase Manhattan Bank, timely renewed the copyright in the Story. The Bank subsequently assigned the renewal copyright to respondent in return for $650 plus 10% of all monies generated from the Story.

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[22] Thus, the already well-established and understood risks associated with an author's grants of contingent rights in the renewal term, *see* above at 3-5, 6-9, were no impediment to the making of the Film. *Cf. Am.* St. Br. at 22-23.

[23] In an earlier lawsuit against him, Alfred Hitchcock testified that 20% of the Rear Window Film is derived from the Story, a contribution he obviously had an incentive to minimize. Petitioners attempt to trivialize Mr. Woolrich's contribution by construing Mr. Hitchcock's statement to refer to the use of the Story in the screenplay, not the Film. Reading the Story and viewing the Film demonstrate that well over 20% of the Film owes its origin to the Story.

In 1984, petitioners embarked on a massive re-release of the Film throughout the United States. Petitioners made hundreds of thousands of new film and videotape copies of the Film, and thus the Story embodied in the Film, and publicly performed the new copies in theatres, over free, pay and cable television, and through videotape and videodisc sales and rentals.[24] Petitioners received over $12,000,000 in revenues from their national exploitation of the Story and the new matter in the Film during the term of the Story's copyright alone. Petitioners' re-release of the Film in direct competition with respondent also interfered with his ability to pursue new derivative works such as a Rear Window play.

4. The Decision of the Court of Appeals

The Court of Appeals ruled that respondent is entitled to the portion of petitioners' profits attributable to petitioners' copying and commercial exploitation of the Story in the renewal term of its copyright. Conversely, petitioners are entitled to the profits attributable to the new matter added to the Story to create the movie version. The Court of Appeals also held that respondent will be entitled to any damages caused by petitioners' re-release of the Film but indicated that it believed injunctive relief, which is by statute discretionary, should be withheld.

SUMMARY OF ARGUMENT

For well over 50 years motion picture producers have acquired the right to make motion picture versions of

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[24] Petitioners made almost a million dollars worth of new 35-millimeter and 16-millimeter prints of the Film for theatrical exhibition and another $800,000 worth of videocassette and videodiscs of the Film for sale and rental. R. 122, Exh. 35. These thousands upon thousands of copies of the Film are also copies or new versions of the Story embodied in the Film. *Grove Press*, 247 F. Supp. 518, 525, 527; 2 *Nimmer on Copyright* § 8.01[B] at 8-13.

literary works and have also obtained the author's consent to continued distribution of the movie version of the author's work even after the copyright in the author's work is renewed. Throughout this time, motion picture producers knowingly and voluntarily assumed the risk that the author might die in the first term of copyright and the producer may have to compensate the author's widow or widower, children, executor or next of kin, for the right to continue to distribute the film embodying the author's literary work. In those cases where the author did not live to renew, movie owners successfully negotiated agreements with the author's statutory successor, continued to distribute the movie to the public, and absorbed the cost of complying with the copyright law's formalities in return for the privilege of exploiting the copyrighted materials owned by others.

Now, petitioners and the *amicus* studios ask this Court for relief from the risks they chose to bear, and a free license to use and exploit copyrighted literary materials embodied in their motion pictures without paying any compensation to the proprietors of the renewal copyrights in the underlying literary works. Movie studios seek to retain not only the profits generated by the new matter protected by their derivative copyrights but also the profits attributable to their copying and commercial exploitation of the literary works incorporated in their movies and protected by copyrights. To this end, petitioners and the studios ask the Court to ignore history and the statute, to coat this Court's important decisions with "gloss," and to conjure up a broad rule that all derivative copyrights protect more than the new matter added and extend to impair the exclusive rights conferred upon copyrights in literary and other works.

Contrary to the arguments of petitioners and the studios, this case presents a straightforward question of statutory construction of the Copyright Act of 1976.

1. The 1976 Act re-enacts the relevant provisions of § 24 of the 1909 Act *verbatim*, specifically in order to preserve the renewal principles and the prevailing view

that a deceased author's statutory successor is entitled to compensation for the continued exploitation of literary material covered by a renewal copyright and incorporated in a derivative work.

2. The Ninth Circuit correctly applied the statute's provisions in determining that an author's grant of his contingent renewal rights does not convey or impinge upon the renewal rights of his statutory successor; and that since a derivative copyright conveys no interests in the copyright of the underlying materials, petitioners had no right to copy or exploit the Story embodied in the Film during the renewal term of the Story's copyright.

3. There is no justification for this Court to elevate derivative works to the special status of conferring rights in underlying copyrighted works, where Congress has already enacted a balanced compromise of the various policy considerations and the interests of owners of copyrights in basic and derivative copyrights.

4. The fair use defense is not a loophole to defeat Congress' decision to ratify and preserve the renewal scheme as to works created before 1978. Petitioners' commercial use of the whole fictional Story, adversely affecting the adaptation rights of the Story's owner, cannot be a fair use.

ARGUMENT

I. CONGRESS, IN EXERCISING ITS CONSTITUTIONAL GRANT OF POWER, HAS RESOLVED THE COMPETING INTERESTS AND POLICY CONSIDERATIONS IN FAVOR OF THE *ABEND* RULE.

A. The 1976 Act Re-enacted the Relevant Provisions of the 1909 Act and Preserved the Veto Power of Statutory Successors of Deceased Authors.

In interpreting the provisions of the 1976 Act, the Court is guided by Congress' decision to re-enact provisions of the prior law in order to preserve the prevailing view of the renewal scheme.

> "Congress is presumed to be aware of an administrative or judicial interpretation of a statute and to adopt that interpretation when it reenacts a statute without change. . . .So too, where, as here, Congress adopts a new law incorporating sections of a prior law, Congress normally can be presumed to have had knowledge of the interpretation given to the incorporated law, at least insofar as it affects the new statute."

Lorillard v. Pons, 434 U.S. 575, 580-81 (1978); *see, also, Herman & MacLean v. Huddleston*, 459 U.S. 375, 384-85 (1983) [Congress ratified judicial interpretations of § 10(b) of the Securities Exchange Act of 1934, when Congress left Section 10(b) intact during extensive revision of the federal securities laws.]

Section 304 of the 1976 Act repeats verbatim the renewal provisions of § 24 of the 1909 Act[25] which led this Court and the lower Courts to conclude that the renewal copyright claimed by a deceased author's statutory successor is a new estate free and clear of the author's grants of his contingent interest in the renewal term. *Miller Music*, 362 U.S. 373, 377-78 and cases cited above at 2-4.

Congress also re-worded and then re-enacted § 7 of the 1909 Act, clarifying that a derivative copyright only attaches to the new matter and does not impinge upon the exclusive rights conferred by the copyright in the underlying work:

> "The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or

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[25] For ease of comparison, the Appendix sets forth § 304(a) marked to identify the scant modifications of § 24.

> enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material."

17 U.S.C. § 103(b).[26]

Congress' ratification of the Courts' decisions interpreting §§ 24 and 7 of the 1909 Act compels the conclusion Congress also preserved the inevitable consequences of those decisions. Section 304(a) ratifies the rule that a renewal copyright is free and clear of a deceased author's prior grants, and § 103 ratifies the rule that a derivative copyright does not affect the exclusive rights of the copyright in the basic work. It necessarily follows that a derivative work created under an author's grant of rights in the first and renewal term cannot be distributed during the renewal term without the consent of the deceased author's statutory successor. Bricker, 29 S. Cal. L. Rev. 23, 27-28, 43; DeWolf, *An Outline of Copyright Law* 128-29; *see* above at 6-8. This was also the conclusion of Study No. 31, which the Register provided to Congress. Study No. 31, at 169-70; *see* below at 9, n. 9.

Even in the absence of a clear record of Congress' intent, the mere re-enactment of the prior law indicates Congress preserved the prevailing view of the renewal scheme. Here, however, the history of the termination provisions is replete with proof that the 1976 Act was

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[26] In discussing § 103, the House Report stated that:

> "The most important point here is one that is commonly misunderstood today: copyright in a 'new version' covers only the material added by the later author, and has no effect one way or the other on the copyright or public domain status of the preexisting material."

H. Rep. No. 94-1476, at 57. This point was clearly *not* misunderstood by the Courts, the Register of Copyrights or the commentators before the adoption of the 1976 Act. *See* above at 5-6.

intended to preserve the renewal scheme untouched as part of a compromise reached among the Register, authors' representatives and the MPAA. *See* above at 10-12.

B. The Ninth Circuit's Decision Gives Effect to the Compromise Reached and Congress' Ratification of the Prevailing View of the Law.

1. Petitioners' Unauthorized Commercial Exploitation of the Story Embodied in the Film Infringed the Story's Renewal Copyright.

This action arises under the 1976 Act, and the Act grants respondent's copyright in the Story the exclusive rights to copy, publicly perform or display the Story, and to make, authorize and exploit derivative works based upon the Story. 17 U.S.C. § 106. While petitioners' derivative copyright also conveys exclusive rights, their derivative copyright is "independent of" the "copyright protection," *i.e.* the exclusive rights, conferred by the copyright in the pre-existing material. 17 U.S.C. § 103(b). The exclusive rights conferred by petitioners' derivative copyright extend only to the new matter Patron, Inc., the proprietor of the original copyright in the Film, added to the Story. *Id.*

Commencing in 1984, petitioners made hundreds of thousands of new film, videotape and videodisc copies of the Film, and thus hundreds of thousands of new copies of the Story incorporated into the Film. Petitioners then publicly performed, or authorized the public performance of, the new copies in theatres, over free, pay and cable television, and sold or rented the videotape and videodisc copies. Petitioners' copying and commercial exploitation of the Story embodied in the Film thus violates the exclusive rights conferred upon the Story's copyright by § 106 of the 1976 Act.[27] Since the rights

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[27] Petitioners' uses of the Story would also have violated the exclusive rights conferred by Section 1 of the 1909 Act to,

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conferred by § 106 on the copyright of the Story are *exclusive*, it follows that petitioners cannot exercise or share those rights unless (1) petitioners own a copyright interest in the protected Story or (2) petitioners have an effective license to exercise those exclusive rights to copy and publicly perform the Story. 1 *Nimmer on Copyright* § 3.07[A], at 3-23 to 3-24.

The 1976 Act precludes the possibility that petitioners' derivative copyright confers a copyright interest in the material protected by respondent's copyright. Section 103(b) provides that a derivative copyright only "extends to" the new matter, and "is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the pre-existing material."[28] Petitioners obtained their derivative copyright in 1982, and it is clearly governed and limited by § 103(b).[29]

Neither did petitioners have a contractual right to use the material protected by the Story's renewal copyright: Cornell Woolrich's contingent agreement to convey

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e.g., (a) "publish, copy, and vend the copyrighted work; (b) to . . . make any other version thereof, if it be a literary work; (c) . . . to play or perform (the copyrighted work) in public for profit, and to exhibit, represent, produce, or reproduce it in any manner or by any method whatsoever. . . ."

[28] This is, ultimately, a restatement of the foundational principle, with statutory and Constitutional underpinnings, that "[c]opyright protection subsists . . . in original works of authorship. . . ." 17 U.S.C. § 102(a). *See, also, Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 547 (1985) ("*Harper & Row*") ["The copyright is limited to those aspects of the work – termed 'expression' – that display the stamp of the author's originality"]. The preexisting material in a derivative work simply is not original with the creator of the derivative work.

[29] However, even a 1909 Act derivative copyright would not convey any rights in the material covered by the Story's renewal copyright. *See* above at 5-6.

renewal rights was unenforceable as to his statutory successor who claimed the renewal copyright after the author's death. 17 U.S.C. § 304(a), re-enacting § 24 of the 1909 Act, and thus adopting and ratifying the Courts' decisions interpreting the renewal provisions. Mr. Woolrich's agreement that Patron's predecessor could exploit the movie versions of the Story during the renewal term, conveyed only a "contingent interest." *Fred Fisher*, 318 U.S. 643, 651. If Mr. Woolrich did not survive to claim his renewal copyright, his surviving spouse or children, if any, obtained their own renewal copyright free and clear of Mr. Woolrich's grant of rights in the renewal term. *De Sylva*, 351 U.S. 570, 582. The renewal copyright is also free and clear of a deceased author's grants if, as here, the author is not survived by a spouse or children and the renewal copyright is instead obtained by the executor of his estate. *Miller Music*, 362 U.S. 373, 376-77.

Since petitioners have neither an ownership interest in the Story's renewal copyright nor a valid license to exercise or share the exclusive rights conferred by the Story's renewal copyright, the Ninth Circuit properly ruled that petitioners' copying and exploitation of the Story incorporated into the Film constitutes infringement of the Story's renewal copyright. Respondent is therefore entitled to an award of the profits attributable to that infringement and his damages.[30] 17 U.S.C. § 504.

The Ninth Circuit's dutiful application of the 1976 Act also gave effect to the statutory purpose of the renewal scheme's second chance. Cornell Woolrich granted the motion picture rights before the value of the Story was clear, and for a flat sum without the right to share in the revenue generated from exploitation of the Story. The right to a renewal copyright free of prior

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[30] Apportionment of profits has long been a feature of the copyright laws, *Abend*, 863 F.2d 1465, 1480, and there is no reason to believe awards will be "disproportionately large." *Am.* St. Br. at 29.

grants is especially compelling in these circumstances. 2 *Nimmer on Copyright* § 9.02 at 9-24. If the Ninth Circuit had not applied the statute, then petitioners would have received all of the profits generated from their exploitation *of the Story* in its renewal term.

2. *Miller Music* and the Statute Cannot Be Read To Make Renewal Copyrights In Literary Works Second Class Copyrights.

Petitioners ask that the Court create a "gloss" upon *Miller Music* and, at this late date, rule that the renewal copyright is *not* free and clear of a deceased author's consent to the copying and commercial exploitation of literary works during the renewal term. Of course, such a "gloss" would defeat the compromise reached and the balance struck by Congress when it re-enacted § 24 to preserve the prevailing view of the renewal scheme. *See* above at 10-12. Moreover, no minor tinkering would be involved: *Miller Music*'s holding that an author's assignment of the entire panoply of rights in the renewal copyright is contingent upon the author surviving to renew, necessarily subsumes the rule that a deceased author's assignment of a portion of those rights is also contingent. *Abend*, 863 F.2d 1465, 1476; M.R. Stein, *Termination of Transfers and Licenses Under the New Copyright Act: Thorny Problems for the Copyright Bar*, 24 UCLA L. Rev. 1141, 1163 n. 101 at 1164 (1977) [*Rohauer* "carved out" an "enormous exception" to *Miller Music*].[31] Neither is there a sound

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[31] Petitioners attempt to distinguish *Miller Music* on its facts by stating that the case "apparently" did not involve derivative works. Petitioners hedge because, as a practical matter, *Miller Music* necessarily involved derivative works: the copyrighted work was a song co-written by the deceased author, and the publisher had undoubtedly authorized recordings of the song, *i.e.*, the creation of derivative works. It would be absurd to assume, as petitioners ask the Court to do, that the only works involved in *Miller Music* were copies of the original sheet music.

basis to rule that an author's first term grant of renewal rights is an expectancy as to some grantees but a vested right as to other grantees.

The statute precludes a judicial "gloss" that a renewal copyright does not convey all of the same exclusive rights as an initial copyright. Section 304(a) provides, as did § 24, for "a renewal and extension of *the copyright* . . . ," and not merely a portion of the exclusive rights conferred by "the copyright." Neither this Section nor any other provision of the 1976 Act leaves room for a "gloss" that renewal copyrights are deficient relatives of other copyrights.[32] Petitioners' proposed "gloss" would be a whitewash to cover judicial revision of the Act.

3. Injunctive Relief Is Always Discretionary.

The Court of Appeals in *Abend* met petitioners' spectre of deadlock between owners of movies and owners of the renewal copyrights in literary works, by correctly noting that the issuance of injunctive relief is always discretionary. Section 502(a) provides that (a) Court "may . . . grant . . . injunctions on such terms as it may deem reasonable to prevent or restrain infringement of a copyright." The 1976 Act thus "reasserts the discretionary power of courts to grant injunctions . . . " H. Rep. No. 94-1476, at 160.

Abend ruled that injunctive relief may be denied to allow petitioners to exhibit their movie subject to paying

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[32] Section 102 makes no distinction between the copyrightability of literary works and motion pictures. Section 106 does not distinguish between the exclusive rights conferred upon original and renewal copyrights. As discussed above, § 103 specifically prohibits a rule that the creation of a derivative work impairs the rights conferred upon the underlying work. This was also the rule under the 1909 Act. *See, e.g., Gilliam*, 538 F.2d 14, 20 [A work's copyright "survives intact despite incorporation of that work into a derivative work, ..."].

the Story's proprietor a portion of the profits attributable to petitioners' use of the Story in the renewal term.[33] This determination did not turn on whether the Film was a "classic," but rather the portion of new matter added by Patron and petitioners' interest in exploiting that new matter. *Abend*, 863 F.2d 1465, 1478-79.[34] Thus, a movie studio's bargaining position in negotiating with a deceased author's statutory successor[35] is enhanced by decreasing the risk of injunctive relief. If an impasse is nevertheless reached, the movie owner need only institute a declaratory relief action to establish its ability to re-release a movie and the portion of profits to be paid as compensation for the use of material covered by the renewal copyright.

C. The 1976 Act Bars the *Rohauer* Result.

1. *Rohauer's* Misapplication of the 1909 Act.

Petitioners and the *amicus* studios rely upon *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir. 1977), *cert.*

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[33] To the extent the Ninth Circuit actually foreclosed injunctive relief in this case, it went too far. This is an appeal from Summary Judgment and a full record of, *e.g.*, the amount of new matter in the Film and the injury to respondent from head-on competition with the Film, has not been developed. Upon remand and after further proceedings, the District Court should rule on the issue of injunctive relief.

[34] It is ironic indeed that although petitioners complained that applying the renewal principles would prevent them from distributing the "classic" Film and exploiting the new matter, they now chafe at the Court's decision that they could be relieved of that risk.

[35] Although the possibility of a deadlock has been raised by petitioners, neither the behemoth MCA, Inc. nor any of the other major motion picture studios who filed *amicus curiae* briefs here or below, have proven a single instance of so-called "copyright death." *See* below at 35-37.

denied, 431 U.S. 949. In *Rohauer*, the owner of the derivative copyright in the movie "The Son of the Sheik" allowed a videotape of the movie to be broadcast over WNET, an educational television station. The movie had been made in 1926 under the author's grant of movie rights in both the original and renewal term of copyright.[36] However, the author died in the first term of copyright and her daughter obtained the renewal copyright in the novel. *Rohauer* reversed the District Court's Judgment for the author's daughter and licensee, finding that the two or three broadcasts did not amount to infringement under the 1909 Act.

Rohauer is clearly at odds with the cases under the 1909 Act. A person may use copyrighted material only if (1) they have a license to use the material or (2) they own a right or interest in the copyright of the material. In *Rohauer*, the author's agreement that the motion picture version of her novel could be distributed during the renewal term was meaningless because she had not survived to claim the renewal copyright. *De Sylva*, 351 U.S. 570, 582; *Miller Music*, 362 U.S. 373, 375. Accordingly, the Court in *Rohauer* instead relied on the theory that the derivative work's copyright gave the movie's owner a new property interest in the novel, entitling the movie's owner to use the novel without the consent of the proprietor of the novel's renewal copyright.

However, this new property rights theory is "plainly wrong" under the 1909 Act. 1 *Nimmer on Copyright* 3.07[A] at 3-31. Section 7 of the 1909 Act was uniformly interpreted to provide that a derivative copyright only attaches to the new matter added, and does not affect the scope or force of the exclusive rights of the underlying copyright. *See, e.g., Gilliam*, 538 F.2d 14, 20; *Reyher v.*

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[36] The author was paid $21,000 for the movie rights to her novel in 1925. 551 F.2d 484, 486. She received almost twenty times the consideration that was paid to Cornell Woolrich for the rights to the Rear Window Story 20 years later.

Children's Television Workshop, 533 F.2d 87, 89-90 (2d Cir. 1976), *cert. denied*, 429 U.S. 980; *Russell*, 612 F.2d 1123, 1128; *Grove Press*, 247 F. Supp. 518, 524; and cases cited above at 5-6.

Rohauer states that § 7 does not apply to the respective rights of owners of basic copyrights and of derivative copyrights,[37] but the panel nevertheless also ruled that Killiam's derivative copyright did not convey the right to make new movie versions of the novel. Of course, the "1909 Act made no distinction between a copyright owner's right to authorize copying or exhibition of the work as it appears in an existing derivative work and the right to authorize creation of a new derivative work." *Russell*, 612 F.2d 1123, 1128 n.16. Thus, as Professor Nimmer correctly stated, *Rohauer* gives § 7 sufficient force to prevent the preparation of new versions while also concluding that § 7 has no application. 1 *Nimmer on Copyright* § 3.07[A] at 3-28.1.

Rohauer also failed to satisfactorily distinguish the precedent.[38] *Abend*, 863 F.2d 1465, 1473-76; 1 *Nimmer on*

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[37] *Rohauer*'s rather selective reading of the legislative history, in an attempt to sidestep § 7, was based on materials not available to the parties, 551 F.2d 484, 488, and is simply incorrect. *Abend*, 863 F.2d 1465, 1476; Mimms, 25 N. Y. L. Sch. L. Rev. 595, 608-09; Note, *Derivative Copyright and the 1909 Act – New Clarity or Confusion?*, 44 Brooklyn L. Rev. 905, 919-21 (1978). Even the principal advocate of *Rohauer*, who also happened to be counsel for Killiam Shows, concedes the "weakness" in *Rohauer*'s analysis of the legislative history. P. Jaszi, *When Works Collide: Derivative Motion Pictures, Underlying Rights, and the Public Interest*, 28 UCLA L. Rev. 715, 791 (1981).

[38] *Rohduer* never even attempted to distinguish the Second Circuit's cases recognizing the rule that a derivative copyright only attaches to the new matter added. *See, e.g., Gilliam*, 538 F.2d 14, 20; *Reyher*, 533 F.2d 87, 89-90; *American Code Co. v. Bensinger*, 282 F. 829, 834 (2d Cir. 1922); *Eichel v. Marcin*, 241 F. 404, 411 (2d Cir. 1913); *Grove Press*, 247 F. Supp. 518, 524, 526-27.

Copyright § 3.07[A] at 3-26 to 3-29; Mimms, 25 N. Y. L. Sch. L. Rev. 595, 609-14; Note, 52 S. Cal. L. Rev. 635, 656-58; Note, 44 Brooklyn L. Rev. 905, 915-18; Stein, 24 UCLA L. Rev. 1141, 1163 n. 101. For example, in *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir. 1951), the Second Circuit rejected the theory that the preparation of a derivative work created any new property rights in the underlying materials which would allow their continued use without the author's consent. The panel in *Rohauer* found this case inapplicable because the author's consent lapsed by the terms of the contract instead of by operation of the renewal scheme. However, in both instances there is no effective grant of rights in the renewal term.[39]

Rohauer also cited, and petitioners and the *amicus* studios now urge, the so-called "narrow interpretation" of *Ricordi* described in a footnote to an article on an unrelated subject.[40] Upon scrutiny, however, this "narrow interpretation" ultimately relies on the very same new property theory which *Ricordi* rejected. Petitioners argue that since *Ricordi* prohibited the owner of the derivative work from making "general use" of the subsisting material the Court only barred the making of new versions of the subsisting materials, and permitted uses that are less than "general." Petitioners then conclude that continued exhibition of subsisting materials as incorporated in a derivative work is somehow less than a "general use." However, the 1909 Act made no distinction between the

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[39] *Abend*, 863 F.2d 1465, 1475; 1 *Nimmer on Copyright* § 3.07 [A] at 3-28.1 to 3-29; Mimms, 25 N.Y. L. Sch. L. Rev. 595, 609-13; Note, 52 S. Cal. L. Rev. 635, 657; Note, 44 Brooklyn L. Rev. 905, 917-18.

[40] D. Engel, *Importation and Protection of Works of American Authors Manufactured Abroad Via the U.C.C. Exemption from Formalities: How Now Sacred Cow?* 12 Bull. Copy. Soc'y 83, 119 n. 126 (1964).

copyright proprietor's exclusive right to make new versions and the exclusive rights to exhibit, perform and copy. *Russell*, 612 F.2d 1123, 1128 n.16; Note, 44 Brooklyn L. Rev. 905, 925 n.111.[41] This "narrow interpretation" of *Ricordi* thus resolves to the argument that the derivative copyright conveyed new property rights reserved, by statute, to the owner of the copyright in the underlying material.[42] But the Court in *Ricordi* foreclosed this argument by unambiguously reaffirming that the derivative copyright only protected the new matter. 189 F.2d 469, 471.

It is no wonder that the Register of Copyrights termed *Rohauer* a surprise (*Annual Report of the Register of Copyrights, 1977* at 22), and that the Second Circuit has confined *Rohauer* to the status of an "aberration." *Filmvideo*, 668 F.2d 91, 93.

2. The *Rohauer* Result is Barred by the 1976 Act.

Whatever room there was in the 1909 Act to accommodate a new property rights theory has been clamped shut in the 1976 Act. *Rohauer*'s theory that a derivative copyright conveys a new property right in the underlying material is precluded by § 103(b) of the 1976 Act.

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[41] Neither is it clear that making new derivative works will be less damaging than continuing to exhibit an existing derivative work. A new derivative work can be a minor alteration to a portion of the subsisting materials – a different arrangement of a few bars of music, for instance – and thus not seriously impinge upon the market for new versions of the whole copyrighted work. Continued exhibition of a derivative work that embodies the entire subsisting work with minimal alteration will effectively preempt the market. *See* below at 33.

[42] This conclusion is buttressed by Engel's citation of *Edmonds v. Stern*, 248 F. 897 (2d Cir. 1918), which contained dictum (Note, 44 Brooklyn L. Rev. 905, 924-25), appearing to advance a new property theory. *Mimms*, 25 N. Y. L. Sch. L. Rev. 595, 618.

D. Following *Rohauer's* Analogy to the 1976 Termination Provisions Would Defeat the Compromise Reached and Congress' Unequivocal Decision to Preserve the Rights of Existing Copyright Proprietors.

After considerable study and debate, the Register of Copyrights and the affected groups, including the movie producers, reached a compromise consisting of (1) the preservation of the prevailing view of the renewal scheme as to works already in existence; (2) a prospective rule that an author's right of termination is inalienable, thus abrogating *Fred Fisher*; and (3) a prospective rule that the new termination provision does not include in its scope the right to distribute a pre-existing derivative work. After noting that the 1976 Act's provisions were the result of an accommodation by the affected groups and were endorsed by the Register, Congress enacted this compromise into law.[43]

Petitioners and the *amicus* studios now ask the Court to adopt *Rohauer's* retroactive application of one feature of this compromise, the new derivative works exception to the right of termination, on the grounds the exception evidences "a belief on the part of Congress for special protection for derivative works," *quoting Rohauer*, 551 F.2d 484, 494. However, the linchpin of the compromise was the preservation of the law as to existing works. To apply the new exception to the 28 year term of existing copyrights would fundamentally alter the balanced

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[43] Congress preserved the prevailing view of the renewal scheme as to existing works by re-enacting § 24 as § 304(a); abrogated *Fred Fisher* by making the author's termination rights inalienable, §§ 203(a)(5) and 304(c)(5); provided a new exception excluding derivative works from the scope of the termination right, §§ 203(b)(1) and 304(c)(6)(A); and specifically prevented the termination provision from applying to the 28 year term of the renewal copyright, § 304(3).

compromise reached[44] and "legislate" out of existence Congress' careful drafting to avoid retroactive application of the exception to potentially millions of copyrights.[45] *Abend*, 863 F.2d 1465, 1477-78; Note, 52 S. Cal. L. Rev. 635, 658-59; Note, 44 Brooklyn L. Rev. 905, 930-31.[46]

E. There Would Be Widespread Repercussions and Uncertainty If This Court Were to "Legislate" *Rohauer* Into Law.

There would be widespread repercussions and uncertainty if this Court were to engraft *Rohauer* onto the 1976 Act in conflict with the unambiguous language of the Act, the clear legislative intent, and the industry practices and untold number of contracts made in the context of the accepted understanding of the renewal scheme.

A judicial theory that a derivative copyright creates a new property right in the pre-existing materials would cast derivative copyrights adrift from the moorings of §§ 102 and 103. Once the rights conferred by a derivative copyright extend beyond the statutory limitations of the new matter added, there is no basis to prevent those rights from including the right to, *e.g.*, make new versions of the subsisting material. 1 *Nimmer on Copyright*,

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[44] One can imagine how the studios would howl if this Court were to find that the 1976 Act's provisions making the author's termination rights inalienable evidences "a belief on the part of Congress for special protection for" authors and, upon that basis, retroactively applied the provision to reverse *Fred Fisher*.

[45] The Senate predicted that by January 1, 1978, the effective date of the 1976 Act, there would be some 6 million copyrights in their renewal term. S. Rep. No. 473, 94th Cong., 1st Sess. 122 (1975).

[46] *Rohauer's* analogy to the 1976 Act was also unduly selective: *Rohauer* ignored § 103(b) of the 1976 Act, which specifically precludes *Rohauer's* new property rights theory. 1 *Nimmer on Copyright*, § 3.07[A] at 3-31 to 3-32.

§ 3.07[A] at 3-28.1. If the Act's provisions are merely non-binding guidelines for Courts to consider before they reach a result a particular judge or panel believe makes policy sense, an unprecedented degree of uncertainty is injected into the field of law.

Neither is there a satisfactory basis to separate any judicially created rights in the subsisting material from the statutory *limitations* on copyright. For example, parties have now argued that if a derivative work goes into the public domain it carries with it the copyrighted underlying work to which, under *Rohauer*, the derivative copyright also attaches. *Russell*, 612 F.2d 1123, 1126; *Filmvideo*, 668 F.2d 91, 93. While these two Courts have rejected this argument,[47] the viability of these cases would be threatened if this Court were to adopt *Rohauer*.

The *Rohauer* theory would presumably also apply in those instances where an author had sufficient leverage to obtain a motion picture producer's agreement to pay additional compensation for the use of the pre-existing work in the renewal term. However, under *Rohauer*, if the author does not survive to renew the movie could be exploited "as a matter of copyright," *Rohauer*, 551 F.2d 484, 492, without paying the additional compensation to the deceased author's statutory successors with whom the producer has no contract. If the Courts somehow managed to close this loophole in the *Rohauer* theory, the statutory purpose of additional compensation would only be given effect in the context of authors who had extraordinary leverage which allowed them to resist lump sum

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[47] In *Russell*, the Ninth Circuit noted the adverse criticism of *Rohauer* and found *Rohauer's* reasoning "unconvincing." 612 F.2d 1123, 1126 n.10, 1127 n.13, 1128 n.16. In *Filmvideo*, the Second Circuit relegated *Rohauer* to the status of an "aberration." 668 F.2d 91, 93.

conveyances of both their original copyrights and their renewal expectancies.[48]

A change in the law at this late date would also wreak havoc on contracts for the payment of compensation to deceased author's statutory successors. Prior to *Rohauer*, movie studios routinely entered into new agreements with the successors of deceased authors, allowing the use of movies during the renewal term of the underlying works in return for compensation to the renewal claimants. Studios could attempt to seek restitution of payments made to deceased authors' surviving spouses, children and others, on the grounds there was a mutual mistake of law. At the least, studios would undoubtedly refuse to honor their promises to pay the agreed-upon royalties for future use of the work embodied in their movies.

Since, under *Rohauer*, the owners of derivative works cannot make new versions of the underlying work, and since the re-release of older derivative works, as a practical matter, preempts the market for new derivative versions of the underlying work during the renewal term, *Rohauer* would mean that only one derivative version can be made of a literary work. Melniker & Melniker, 22 N.Y. L. Sch. L. Rev. 589, 611 n.118; Jaszi, 28 UCLA L. Rev. 715, 740 n.67. *Rohauer* would thus defeat the right of the author's statutory successor to authorize new versions during the renewal term, making the renewal copyright a second class copyright.[49]

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[48] Lump sum conveyances are a primary target of the renewal scheme. Report of the Register of Copyrights on the General revision of the U.S. Copyright Law, 87th Cong., 1st Sess., Copyright Law Revision (H. Judiciary Comm. Print 1961), Part 1, at 58. 2 *Nimmer on Copyright*, § 9.02 at 9-24.

[49] Of course, public access to new versions is also an important interest of the copyright laws.

A review of the many cases relying upon the principle that a derivative copyright protects only the new matter added demonstrates the far-reaching consequences of undercutting that principle. If an author consents to the making of a new version, do the derivative copyright's "new rights" in the underlying material enable the owner of the new version to alter and edit that underlying material, thus overruling *Gilliam*, 538 F.2d 14, 20? If a movie version of a book is made and copyrighted with the author's consent but the author's consent is subsequently revoked because of the producer's breach, does the producer nevertheless still have the right, "as a matter of copyright," to use the book as incorporated in its movie? *Szekely v. Eagle Lion Films*, 140 F. Supp. 843 (S.D.N.Y. 1956), *aff'd*, 242 F.2d 266, *cert. denied*, 354 U.S. 922.

When one considers that *Rohauer*'s new property rights theory would apply to all derivative works, the breadth and severity of the consequences of adopting *Rohauer* are multiplied a hundredfold. Any non-trivial variation of a pre-existing work would support a derivative copyright[50] and under *Rohauer* a new property right to the pre-existing work would spring into existence. 1 *Nimmer on Copyright* § 3.07[A] at 3.30. [Under *Rohauer*, "slight alteration" in arrangement of song could be used to frustrate renewal scheme].

F. It is Neither Necessary Nor Appropriate For This Court to Change Congress' Balance of the Various Policy Considerations.

Petitioners and the *amicus* studios dust off the arguments they used to obtain a prospective derivative works exception, and now argue that this Court should make retroactive what Congress carefully made prospective

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[50] *Alfred Bell & Co. v. Catalda Fine Arts, Inc.*, 191 F.2d 99, 105 (2d Cir. 1951) ["A copyist's bad eyesight or defective musculature, or a shock caused by a clap of thunder, may yield sufficiently distinguishable variations" to support a derivative copyright].

only. For every "interest" or "consideration" advanced by petitioners, there is a counter-argument and a countervailing interest or consideration, and the balance struck by Congress should not be altered.

1. Congress Has Already Accommodated the Renewal Expectancies of Authors of Pre-existing Works and Proprietors of Derivative Works.

Petitioners claim the status of "authors" of the material protected by the Film's derivative copyright, and upon that basis urge that they are also within the "second chance" policy of § 24.[51] However, petitioners desire more than a second chance to use the new matter protected by their derivative copyright: they claim a second chance to use Mr. Woolrich's copyrighted Story.

Congress has already accommodated the renewal copyrights of authors of pre-existing works and proprietors of derivative works by providing that copyrights in original works and in new works only protect the matter original with the creator. Thus, the law puts the owners of renewal copyrights in basic and derivative works on equal footing: both have control over the original matter protected by their respective copyrights[52] and both stand to gain from exploitation of the original matter and the new matter which, together, make up the derivative work.

As a result of the "symmetry and logic" of the renewal scheme, *Miller Music*, 362 U.S. 373, 378, studios have substantial leverage in negotiating with deceased authors' statutory survivors because they can threaten to

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[51] The "author" of the Film is Patron, Inc., the original claimant of the derivative copyright. Petitioners Stewart and Alfred Hitchcock were employees for hire, and petitioner MCA, Inc., merely holds the 10% interest claimed by Messrs. Stewart and Hitchcock's talent agent, MCA Artists.

[52] *G. Ricordi*, 189 F.2d 469, 471, 471-72.

withhold the movie from exhibition and wait out the literary work's renewal term if the author's successors do not come to terms.[53] Historically, motion picture studios have in fact successfully negotiated with the proprietors of renewal copyrights in order to continue to distribute derivative works during the renewal term. R. 78 at pp.2-7, R. 121 at 8-9. Movies such as *Gone with the Wind, My Fair Lady, The Sound of Music* and *Doctor Zhivago* continue to be distributed for the mutual benefit of the producers and the deceased authors' statutory successors who renewed the copyrights to the underlying literary materials. Melniker & Melniker, 22 N.Y. L. Sch. L. Rev. 589, at 612-13, n.118, 616; Karp, 25 Bull. Copyright Soc'y 1, 16; *Trust Co. Bank*, 593 F. Supp. 580, 584-85 [After author of novel *Gone With the Wind* died and author's agreement to convey renewal rights became "ineffective," owner of the movie entered into new agreement with owner of novel's renewal copyright.]

Petitioners, including MCA, Inc., have not presented a shred of evidence that even one single motion picture has been withheld from public distribution because they could not bargain to a mutually advantageous agreement with the owner of the renewal copyright in the underlying work.[54] Instead, petitioners cite law review articles that refer to a handful of films that may have been

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[53] Petitioners predict hundreds of suits, citing newspaper mischaracterizations of statements by respondent's counsel that the ruling in this case might affect as many as 600 works. Not only has history shown that the renewal scheme rarely led to litigation, but not one of the 600 suits imagined by the press and petitioners has materialized.

[54] Since petitioners never countered respondent's initial proposal of an equal split of profits in return for a new license to use the Story during the renewal term, the proposal is no evidence of an inability to bargain. Petitioners simply refused to negotiate, preferring to rely on *Rohauer* for their massive re-release of the Film.

withheld from distribution because of rights disputes. The *amicus* studios, who are the other major motion picture studios, can only refer to the same articles.[55]

Petitioners and the *amicus* studios, as owners of the largest film libraries in the world, are uniquely situated to parade before this Court every single instance of "deadlock," "copyright death" and surly and intransigent widows, heirs and "speculators." Instead, they cite unsupported assertions of fact in law review articles. The conclusion is obvious: the threat to "public access" is contrived.

2. The *Abend* Rule Fulfills the Policy of Providing Renewal Claimants with a Second Chance to Benefit from the Commercial Uses of their Copyrighted Works.

Petitioners argue that *Rohauer*'s "intrusion" on the exclusive rights conferred upon renewal copyrights in literary works can be justified on the basis that the renewal claimants would have a sufficient "second chance" by retaining their exclusive right to re-publish the literary work in its original form. P. Br. at 33. This intrusion would defeat the exclusive right to authorize and make new versions of the literary work in the renewal term, 17 U.S.C. § 106(2), by forcing competition with the owners of the derivative work. *See* below at 46-47. Congress necessarily rejected a watering down of

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[55] Further, these articles were written after *Rohauer*, suggesting that any inability to bargain with the owners of the derivative works resulted from the uncertainty created by that opinion. One article proves the pitfalls of substituting such hearsay for evidence when it states that the movie *Night Has A Thousand Eyes*, based on one of Mr. Woolrich's stories, has been subjected to "copyright death" because respondent and MCA, Inc.'s subsidiary, Universal Pictures, were deadlocked. The commentator is wrong: the parties negotiated a new agreement in 1976, before *Rohauer*, allowing for the continued distribution of the movie. R. 121 at p.10.

literary copyrights when it ratified the prevailing view that the deceased author's successors will also receive the second chance to control the copying and exploitation of the author's materials as embodied in derivative works created under first term grants.

Petitioners complain that a second chance to control literary works embodied in movies would simply allow "extortion" of monies attributable to the new matter added by the creator of the movie.[56] P. Br. at 34. They complain they will be subject to a " 'tax' on derivative work copyrights (measured by the value of the new work). . . ." P. Br. at 35-36. These statements are the result of a steady aim at misunderstanding the law: the renewal copyrights in the underlying materials only protect the underlying materials, and the Court may only award the defendants' profits "that are attributable to the infringement" of that copyright. 17 U.S.C. § 504(b). The compensation is measured by the value of the underlying copyrighted materials, not the new matter added.

Rohauer, on the other hand, would provide motion picture producers with the windfall of *both* the profits attributable to the new matter protected by this derivative copyright, *and* the profits attributable to the exploitation of the underlying material that is protected by a basic copyright. By petitioners' account, they have reaped gross revenues of $12,000,000, and pure profits of $3.9

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[56] Petitioners attempt to taint respondent by quoting his testimony that he has, over the years, purchased some 100 renewal copyrights for his clients or himself. In all his years as an agent, respondent purchased 18 other renewal copyrights for himself, none of which resulted in litigation. R. 121, at 5-7. Further, petitioners gloss over the fact that respondent's "clients" included motion picture studios such as United Artists. R. 78 at 3-4. Petitioners also fail to mention the movie studios' massive speculation in renewal rights, Spring, *Rights & Risks* 173, or the unfair practices they employed in purchasing renewal rights from deceased authors' unsophisticated successors. R. 121, at 8-10.

million from the re-release of the Film in the second term. P. Br. at 34. These profits are attributable not just to the Film's new matter added by Patron, Inc., but also to the Film's use of the Story. Petitioners thus seek to "reap" what Cornell Woolrich has sown.[57]

3. The Law Provides to the Owners of Derivative Works Nothing Less Than They Bargained to Receive.

Petitioners and the *amicus* studios ask that this Court adopt *Rohauer* because they could not protect against the contingency that the rights to use the author's materials during the renewal term would not vest in the author. However, these studios knew the prevailing view of the law and simply chose to bear the risk that they might have to renegotiate with the author's successor before distributing the movie versions of literary works during the renewal term.[58] Motion picture producers protected themselves by paying a price reflecting the contingent nature of the rights they received from the author.[59]

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[57] There is no basis to suggest, as petitioners do, that in those instances where a derivative work adds only minimal new matter, the author could more easily limit the duration of exploitation by contract. P. Br. at 34. For instance, songwriters uniformly conveyed the renewal terms for no additional consideration, although the music and lyrics are clearly a predominant portion of any musical recording.

[58] Some studios also insured against the risk an author might die before renewal. R. 78, Abend Decl. at 6.

[59] In those instances where the underlying material is a trivial or minor portion of the derivative work, it can be separated out and the new matter exploited. If, on the other hand, the underlying material is so thoroughly incorporated in the derivative work that it cannot be separated, there is all the more reason to provide compensation for the use of that material.

Congress has carefully drafted the statute to deny any additional "protection" to motion picture producers as to pre-1978 works.

Neither can the producers claim to have paid for the right to use these basic materials during the renewal term: In these situations they purchased *the author's* expectancy in the renewal period, *not* the renewal rights of the actual proprietor of the renewal copyright.[60]

4. Congress Has Determined that an Author Could Not Adequately Protect Against Unremunerative Contracts By Limiting His Grants.

Congress adopted the 1909 Act's renewal scheme and preserved it in the 1976 Act as to existing works, specifically because it found that authors were being improperly deprived of the right to control works which had proven to be of value. Congress acted well within its Constitutional grant of power to promulgate copyright laws when it determined that contractual limitations are an insufficient protection of authors.[61]

5. Congress Has Decided that the *Abend* Rule Does Not Improperly Discourage Future Uses of Pre-1978 Materials.

Congress dealt with the potential impact of future uses of pre-1978 materials by giving paramount importance to the preservation of the existing renewal scheme as to works created before January 1, 1978. Any discouragement of new versions of pre-1978 works is more than counterbalanced by the policy of providing the author's family and statutory successors with a second chance,

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[60] *Cf. Tobani*, above at 3, n.4 [Author's wife was paid $5,000 in 1928 for her contingent rights if author should die before renewal.]

[61] Further, the *Rohauer* rule may even frustrate the contractual limitations obtained by authors. *See* above, at 32-33.

and the policy of preserving the renewal scheme as to work created before 1978. Once again, deference must be given to Congress' decision.

Moreover, the motion picture industry has made untold number of films based on pre-existing materials notwithstanding the risk that they would have to renegotiate a new license with the author's statutory successor if the author's contingent grant of renewal rights failed. An author whose pre-1978 work is due to be renewed, whether in 28 or in 5 years, will merely receive a price reflecting the greater risk that renewal rights will not vest in him.[62]

6. The *Abend* Rule Ensures that Authors' Statutory Successors Will Share in the Commercial Exploitation of the Authors' Materials In Existing and New Technologies.

Petitioners argue it is "absurd" for their ability to exploit literary materials in their renewal terms pursuant to first term, lump-sum grants, to turn on whether the author lives or dies before renewal. However, the fact that *Fred Fisher* "substantially thwarted" the second chance policy of § 24 in cases where an author lives to renew, *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 185 (1985) (White, J., dissenting) is hardly a reason to frustrate that

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[62] In those instances where renewal is looming on the horizon, the movie producer is more able to decrease the risk by obtaining assignments from the author's potential statutory successors. That is, while an author's present spouse and children may not be the author's surviving spouse and sole children 25 years hence, they are much more likely to be the surviving spouse and sole children in five years.

policy in cases where the author's statutory successor renews.[63]

The Ninth Circuit also correctly observed that applying *Rohauer* would preclude authors' successors from sharing in the revenue generated from the exploitation of their original stories in new technologies. In a footnote, petitioners cite Mr. Woolrich's grant to argue he wanted them to have all the benefits from future technologies, whatever form they may take. The grant is broad, which should be no surprise: the same factors that led authors to make unremunerative transfers for both the initial and renewal terms also led them to sign grants in the broadest terms which, if given effect, might extend to uses never anticipated by the parties.[64]

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[63] This is especially true since Congress has now abrogated *Fred Fisher* by making an author's termination rights inalienable. 17 U.S.C. § 203(a)(5).

[64] However, petitioners misread Mr. Woolrich's 1945 grant, which conveys the right to "project, transmit, exhibit and otherwise reproduce [Mr. Woolrich's] stories . . . by the art of cinematography or any process analogous thereto, or by television or any process of transmission now known or hereafter to be devised,. . . ." Videocassettes are not "cinematography or any process analogous thereto," and the right to exploit a movie by "means of television" does not include the right to distribute videocassette copies of that movie. *Cohen v. Paramount Pictures Corp.*, 845 F.2d 851, 853-54 (9th Cir. 1988). Neither is the sale or rental of videocassettes a "process of transmission" by, *e.g.*, "cable, microwave, or some such means from a central location." 845 F.2d 851, 853. Since Mr. Woolrich's grant of rights to exploit the stories in future technologies was limited to processes of "transmission" that were thereafter "devised," and since a videocassette is not a process of "transmission," the author's grant did not extend to this type of future technology. As a result, even if this Court were to adopt a new property rights theory, petitioners' exploitation of the Story in the videocassette market exceeded Mr. Woolrich's grant.

Of course, the studios cannot claim to have invented these new technologies, or to have made their movies in anticipation of their invention. The issue is whether, as the fortuitous beneficiaries of technological change, movie producers will also receive the profits attributable to their unauthorized use of the underlying literary properties in these new technologies.[65]

7. This Court's Decision Not To Review *Rohauer* in 1977 Is No Basis to Validate Bad Law.

The *amicus* studios argue that they have relied on *Rohauer* over the last 12 years.[66] The *amicus* studios' reliance was unjustified, since *Rohauer* was only the decision of one Circuit and clearly departed from the prevailing view. The Register of Copyrights immediately labelled *Rohauer* a "surprise." *Annual Report of the Register of Copyrights, 1977*, at 22. The preeminent commentator in the field, Professor Nimmer, analyzed the decision in depth in his treatise and determined that it was "plainly wrong." 1 *Nimmer on Copyright*, § 3.07[A] at 3-31.

Ten years ago the Ninth Circuit found the pivotal aspects of *Rohauer*'s analysis "unconvincing." *Russell*, 612

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[65] *Buck v. Jewell-LaSalle Realty Co.*, 283 U.S. 191, 196-97 (1931) [Copyright proprietor entitled to benefits of new technological advances]; *Cohen*, 845 F.2d 851, 853.

[66] Interestingly, in their brief before the Ninth Circuit the *amicus* studios asserted that they always believed the *Rohauer* rule applied, and the "potential significance of the death of an author of an underlying work before its renewal term arose after the Supreme Court's 1960 decision in *Miller Music*. . . ." *Amicus* brief, 9th Cir., at 3 n.3. In the face of the overwhelming showing that the *Abend* rule was the prevailing view as far back as 1918, *see* above at 6-10, the *amicus* studios now change their footing to argue they have merely relied on *Rohauer*'s departure from that prevailing view over the last 12 years.

F.2d 1123, 1128 n.16. The 1976 Act directly and unambiguously precludes *Rohauer*'s new property rights theory. 17 U.S.C. § 103. Professor Nimmer also pointed out that it was "most questionable whether" *Rohauer* would survive the adoption of the 1976 Act. 1 *Nimmer on Copyright*, § 3.07[A] at 3-32.

In the final analysis, the *amicus* studios' argument that *Rohauer* should stand because it was not reversed by this Court in 1977 ignores this Court's Rule that review by *certiorari* is generally inappropriate unless there is a conflict among Circuits. *See* Rule 17.1(a). The policy of providing the Court with the benefit of the analysis of other Circuits on important issues requires that the Court keep a free hand so that the end result will be the right decision and not just the first decision rendered.

II. FAIR USE IS NOT A LOOPHOLE TO ESCAPE CONGRESS' DECISION TO PRESERVE THE RENEWAL SCHEME AS TO EXISTING WORKS.

The fair use defense allows certain types of limited, reasonable uses of copyrighted materials "for purposes such as criticism, comment, news reporting, teaching, . . . scholarship, or research,. . . ." 17 U.S.C. § 107. Section 107 was intended "to codify the common-law doctrine" and "not change, narrow or enlarge it in any way." *Harper & Row*, 471 U.S. 539, 549, *quoting* H.R. Rep. No. 94-1476, p.66. The commercial exploitation of copyrighted literary materials embodied in a movie is clearly not the use of the literary materials for the specific types of purposes described in § 107. Separate consideration of the four factors set forth in § 107 also confirms that the fair use defense cannot be used to escape the workings of the renewal scheme.

A. The Purpose and Character of Petitioners' Use: Making Money.

The first factor in § 107 is the "purpose and character of the use," and here petitioners have used the Story for the purpose of making money, and lots of it. Petitioners, by their own account, have received $12 million in gross revenues, and $3.9 million in pure profits, during the Story's renewal term alone.[67] By Mr. Hitchcock's estimate, 20% of these profits are attributable to his use of the Story. Petitioners have received these profits by exploiting the Story without payment to the owner of its copyright.[68] "[E]very [unauthorized] commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright." *Sony Corp. v. Universal Studios, Inc.*, 464 U.S. 417, 451 (1984).

B. The Nature of the Copyrighted Work: Fair Use Rarely Applies to a Literary Work.

The second factor in § 107 is the nature of the copyrighted work. The scope of the fair use defense is narrower where the works are creative products as opposed to non-fictional or informational works. *Sony Corp.*, 464 U.S. 417, 455 n.40; *Brewer v. Hustler Magazine, Inc.*, 749 F.2d 527, 529 (9th Cir. 1984). As the Ninth Circuit noted

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[67] During the initial term, the movie version of the Story generated at least $7,880,000 in revenues, or seven times its production cost. R. 122, Exh. 27 & 28.

[68] Petitioners' predecessor paid only for the rights to exploit the Story in the first term of copyright, and for Mr. Woolrich's contingent rights in the renewal term, all for the flat sum of $1,542.

here, the Story "is a fictional short story: a quintessentially creative product." *Abend*, 863 F.2d 1465, 1481.

C. The Amount of the Portion Used: The Whole Story.

The third factor in § 107, the amount of the copyrighted work used by a defendant, also cuts against petitioners. They did not merely remove a quote or isolated expression from the Rear Window Story but rather used the whole of the Story, including its all-important and unique setting, its characters, plot, and sequence of events.

The fair use doctrine is generally inapplicable to the copying of a dramatic work in its entirety. *Benny v. Loew's, Inc.*, 239 F.2d 532, 536-37 (9th Cir. 1956) *aff'd per curium by equally divided Court*, 356 U.S. 43. While it may be a fair use to copy a work for the sole, non-commercial purpose of "time shifting" to make private viewing more convenient, *Sony Corp.*, 464 U.S. 417, petitioners have copied and publicly performed the whole Story for a purely commercial purpose.

D. The Effect of the Use: Preemption of the Market for New Versions of the Story.

The fourth and last factor of § 107, the "effect of the use upon the potential market for or value of the copyrighted work," is a crucial factor that also precludes the defense. *Harper & Row*, 472 U.S. 539, 566. There is substantial evidence that petitioners' re-release of the Film had a disastrous effect upon the potential market for the renewal copyright in the Rear Window Story.[69] At

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[69] In 1982, respondent contracted with Home Box Office, Inc., for the creation of a play version of the Story. Petitioners'

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oral argument petitioners' counsel conceded that re-release of the Film impinged on the ability to market new versions of the Story. Petitioners attempt to avoid their concession at oral argument but they cannot dispute that, as a general proposition, release of an earlier motion picture version will interfere with the release of new versions. Melniker & Melniker, 22 N.Y. L. Sch. L. Rev. 589, 612 n. 118; Jaszi, 28 UCLA L. Rev. 715, 740 n.67.

E. The Fiction of Implied Consent Cannot Replace the Deceased Author's Ineffective Grant.

Petitioners cite the fiction of implied consent that has sometimes been raised as a basis for the fair use defense, and they ask that this implied consent replace the actual consent of Cornell Woolrich which the 1976 Act makes ineffective. To bind the proprietor of the renewal copyright with implied consent where the author's consent has been vitiated by statute would simply defeat the statute and its policy.

In the context of the fair use defense, petitioners repeat their argument that Congress adopted the new derivative works exception as "a practical compromise." P. Br. at 41. As discussed above, Congress carefully prevented this new exception from applying to the 28 year terms of renewal copyrights in pre-1978 works. For the

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counsel wrote, threatening Home Box Office that petitioners owned the exclusive movie rights to the Story outside the United States, and that Home Box Office could not use the Story's title "Rear Window" anywhere. R. 122, Exh. 36. Petitioners then re-released the Film throughout the United States. Home Box Office's witness testified they could not cast respondent's new version because of the Film. *See, also*, R. 95 at 30-31(a), 61-63.

Court to nevertheless work a retroactive application of that exception through § 107, would completely frustrate Congress' other policy consideration of leaving existing renewal rights untouched.

Furthermore, as the Court recently noted:

> "[T]o propose that fair use be imposed whenever the 'social value [of dissemination] . . . outweighs any detriment to the artist,' would be to propose depriving copyright owners of their right in the property precisely when they encounter those users who could afford to pay for it."

Harper & Row, 471 U.S. 539, 559, *quoting* Gordon, *Fair Use As Market Failure: A Structural and Economic Analysis of the* Betamax *Case and its Predecessors*, 82 Colum. L. Rev. 1600, 1615 (1982).

Finally, there is nothing "fair" about petitioners' use of the Story without paying any compensation to the owners of the copyright in that Story. When petitioners' predecessor in interest purchased the rights to make a movie version of Mr. Woolrich's Story, the purchaser knew it was receiving a contingent interest in the renewal term. The price paid reflected the contingent nature of the rights.[70] Moreover, the price failed to reflect the true value of the Story: although the Story is the source of the unique setting of the Film, as well as the source of the Film's plot, events and principal character, Mr. Woolrich has not shared at all in the $7,880,000 received from exploitation of the Film in the first term of copyright or the more than $12 million received in the renewal term.

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[70] The same year that De Sylva Productions received the movie rights from Mr. Woolrich, Zechariah Chafee wrote that "no sane publisher will pay more than a small speculative price for the renewal term." Chafee, 45 Colum. L. Rev. 719, 723.

Petitioners have also exceeded the terms of Mr. Woolrich's grant by exploiting the Story in the videotape market, *see* above at 42, n.64, and went beyond *Rohauer* in attempting to sell a new "sequel" version of the Story for television. R. 95

In sum, the only similarity between the fair use defense and petitioners' massive and wholesale exploitation of the Story is that petitioners believe their "use" of the Story to reap millions of dollars of profits, without payment to the copyright's proprietor, seems "fair" to them.

III. CONCLUSION

The judgment of the Court of Appeals should be affirmed.

December 1989

Respectfully submitted,

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APPENDIX

Provisions of the Copyright Act of 1976

Section 102. Subject Matter of Copyright: In General

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

(1) literary works;

(2) musical works, including any accompanying words;

(3) dramatic works, including any accompanying music;

(4) pantomimes and choreographic works;

(5) pictorial, graphic, and sculptural works;

(6) motion pictures and other audiovisual works; and

(7) sound recordings.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

Section 103. Subject Matter of Copyright: Compilations and Derivative Works

(a) The subject matter of copyright as specified by section 102 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright subsists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.

Section 106. Exclusive Rights in Copyrighted Works

Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work;

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and

(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly.

Section 107. Limitations on Exclusive Rights: Fair Use

Notwithstanding the provisions of section 106, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include –

(1) The purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;

(2) the nature of the copyrighted work;

(3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and

(4) the effect of the use upon the potential market for or value of the copyrighted work.

The following reproduction of Section 304(a) of the Copyright Act of 1976 is marked with underlining to indicate the new language which did not appear in Section 24 of the Copyright Act of 1909, and with brackets surrounding the language which was deleted from Section 24.

304(a) Copyrights in their first term on January 1, 1978. Any copyright, the first term of which is subsisting on January 1, 1978 [The copyright secured by this title] shall endure for twenty-eight years from the date it was originally secured [of first publication, whether the copyrighted work bears the author's true name or is published anonymously or under an assumed name] *Provided,* That in the case of any posthumous work or of any periodical, cyclopedic, or other composite work upon which the copyright was originally secured by the proprietor thereof, or of any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of forty-seven [twenty-eight] years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further,* That in the case of any other copyrighted work including a contribution by an individual author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his or her

next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of forty-seven [twenty-eight] years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright: *And provided further,* That in default of the registration of such application for renewal and extension, the copyright in any work shall terminate at the expiration of twenty-eight years from the date copyright was originally secured [first publication].

Supreme Court, U.S.
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No. 88-2102

In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

On A Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

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Petitioners[1] file this Reply to the Respondent's Brief (Resp. Br.) and the briefs of amici: Songwriters Guild of America (SGA Br.), Committee for Literary Property Studies (CLPS Br.), and the Register of Copyrights (Reg. Br.).[1a]

For the first time,[2] respondent contends (Resp. Br. 16-20) that the renewal issue in this case is governed by the 1976 Act, not the 1909 Act. Of course, respondent is wrong. Congress did not retroactively, in 1976, change the effect of the 1969 renewal. While respondent's new argument positions him to contend that the 1976 Congress has barred this Court from clarifying the judicial gloss that gave rise to the disagreement among the circuit courts and commentators (Resp. Br. 23-24), it abandons that part of the majority's opinion below which specifically held that the issue in this case was governed by sections 7 and 24 of the 1909 Act. Pet.App. 16-25. Thus, respondent now claims that the 1976 Congress deliberately protected derivative works from the effects of the new *statutory* reversionary right under section 304(c)(6)(A) but in the preceding subsection (a) deliberately prohibited the courts from protecting derivative works from the effects of the still evolving renewal term reversion implied by courts under the 1909 Act. Respondent's contention makes no sense and is devoid of support.

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[1] Petitioners MCA Inc. and Universal Film Exchanges, Inc. have previously made the listing required by Rule 29.1 (formerly Rule 28.1) in their Petition for Certiorari, at iii.

[1a] References herein are to the non-conforming Register's Brief. Petitioners have never received a printed copy.

[2] Respondent's opposition to the summary judgment, CR 94, and his opening brief to the Ninth Circuit, CR 16-31, 36-38, all argued that the 1909 Act governed the outcome of this case. Only in respondent's Reply brief to the Ninth Circuit did he argue for the first time, in the alternative, that the 1976 Act somehow reinforced his argument under the 1909 Act. Reply

(Continued on following page)

I. THE EFFECT OF THE 1969 RENEWAL OF THE WOOLRICH SHORT STORY COPYRIGHT ON THE 1945 WOOLRICH ASSIGNMENT AND THE 1954 FILM COPYRIGHT IS GOVERNED BY THE 1909 ACT, NOT THE 1976 ACT

Woolrich's executor renewed the Short Story copyright in 1969. CR 87: Ex. 1015. The renewal term began in February of 1970, 28 years and a day after the first publication of the Short Story. R. 87: Ex. 1029; 1909 Act, § 25. It is at that moment that respondent claims that section 24 of the existing 1909 Act operated (1) to cause a reversion of all of petitioners' assigned rights, including the right to cor tinue distribution of the Film, and (2) to create a "new estate" for the Short Story and to effect the "copyright death" of the copyrighted derivative work Film. Thus, the 1909 Act governs this issue. *See International Film Exchange, Ltd. v. Corinth Films, Inc.*, 621 F.Supp. 631 (S.D.N.Y. 1985).

II. THE 1976 CONGRESS DID NOT ADOPT THE ABEND RULE IN CONTINUING THE RENEWAL SCHEME FOR PRE-1978 WORKS

Respondent now elects (Resp. Br. 16-20) to prove that the 1976 Congress identified a "prevailing view" about the legal effects of the 1969 renewal of a prior copyright on a derivative work copyright and deliberately chose to impose that view on future courts.[3]

But, when the 1976 Congress decided to continue the two-term scheme for works having existing copyrights as

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Br. filed 4/1/88, at 29-32. Perhaps because petitioners had no opportunity to correct respondent's misreading of the legislative history of the 1976 Act, the majority below mistakenly adopted respondent's defective reading as a makeweight to its decision concerning the 1909 Act. Pet.App. at 29-31.

[3] Thus, although respondent announces – "This is a case of statutory construction" – Resp. Br. at 1, he fails in 49 pages to

(Continued on following page)

of 1978, it cannot be said that "federal courts had consistently and routinely" decided the issue in this case. *Herman & MacLean v. Huddleston*, 459 U.S. 375, 385 (1983). In fact, Judge Friendly concluded the year after the 1976 Act that the issue in this case was then a matter of "first impression". *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, 485 n.1 (2d Cir.), *cert. denied*, 431 U.S. 949 (1977).[4] Indeed, even today, the Register informs this Court: "The law of renewal is complicated and involved and much in need of clarification." Reg. Br. 2.

In fact, the situation here is more similar to that respecting the 1976 Act's work-for-hire provisions, construed just last term in *Community For Creative Non-Violence v. Reid*, 109 S.Ct. 2166 (1989) ("Reid"). There, petitioners argued that the 1976 Congress in enacting the 1976 Copyright Act meant to incorporate a line of cases decided under the 1909 Act giving a hiring party copyright ownership whenever the employer had the right to control or supervise the artists' work. Petitioners relied on the lack of evidence in the Act or its history of a Congressional intent to reject the "control" standard. *Id.*, at 2177. This Court was "unpersuaded. Ordinarily,

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discuss the statutory construction of the 1909 Act, the only Act relevant to this case.

[4] Respondent cannot cite any authority to the contrary. Instead, he argues (Resp. Br. 19) that Congress deliberately adopted pre-1976 decisions concerning distinguishable issues, a tentative opinion in a 1960 Register of Copyright study and the conflicting views of commentators. As of 1985, all the members of this Court in *Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985), acknowledged the existence of disagreement among commentators, 469 U.S. at 176 n.45, 183 n.7, about the issue, prompted by *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469, 471 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951). Four Justices of this Court, without contradiction, stated that the *Rohauer* decision resolved the dispute. 469 U.S. at 183 n.7.

'Congress' silence is just that – silence.' " . . . *Id.*, at 2177. [Citation omitted.]

A. The So-Called "Prevailing View" Was Not Universally Or Strongly Held

We have already shown that the *Rohauer* result is not precluded by pre-1977 decisions stating that (1) only authors or their statutory successors may renew, (2) a statutory successor obtains a "new estate," (3) an author's statutory successor (rather than a mere publisher-assignee) obtains the renewal term, *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960), or (4) a derivative work copyright only "protects" new matter. Pet. Br. 14-32. Thus, none of the reported decisions prior to 1976, even if adopted by Congress, could be said to have decided the issue in *Rohauer* and in this case. Pet. Br. 25-32.

In the absence of definitive decisions on point or express references in the legislative history, it makes no sense to assume that Congress adopted any "views." Although respondent and the majority below now claim that the *Rohauer* result is precluded by *Miller Music, neither* of the two leading proponents of the "prevailing view" relied on *Miller Music* before *Rohauer*. B. Ringer,[5]

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[5] Ms. Ringer's Study did not even directly address the case where an author died. It referred to a situation where a license is "no longer binding." Describing the issue as "a problem that has thoroughly confused the courts in recent years," her conclusion is tentative: "It would seem." *Ringer Study*, at 169. Ms. Ringer also noted that the renewal right "is a unique form of property whose nature and theoretical basis are still unclear." *Id.* at 124. Richard Colby, a studio attorney, wrote her about the 1960 Study, then in draft form: "I am of the feeling that one day a court will decide under the present statute that, if the picture has been produced during the original term of copyright, we may continue to distribute it during the renewal term of the basic literary work without getting

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Study No. 31, "Renewal of Copyright," Studies Prepared for the Subcommittee on Patents, Trademarks and Copyrights, Committee on the Judiciary, U.S. Senate, 86th Cong., 2d Sess. (Comm. Print 1961)("*Ringer Study*");[6] 1 M. Nimmer, *Nimmer On Copyright* § 45.1 at 177-78 (1976) (instead relying primarily on a broad reading of *dictum* in *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951), later distinguished in the only case on point. *Rohauer*, 551 F.2d at 490-91).[7] And, by 1964, the leading copyright journal in this country reported an opposing, narrower "view" of *Ricordi*.[8]

No real debate on the issue here existed until the *Ricordi* decision in 1951. Pet. Br. 25-27. The pre-1951 books and articles cited in support of a "prevailing view," Resp. Br. at 3-12, primarily dealt with the noncontroversial rule that only authors or their statutory successsors may renew and the effect of such renewal on mere publishers,

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permission from the owner of the renewal." Colby, "Rohauer Revisited: 'Rear Window,' Copyright Reversions, Renewals, Terminations, Derivative works and Fair Use," 13 *Pepperdine L.Rev.* 569, 592 (1986). Ms. Ringer, while repeating her reliance on *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469 (2d Cir.) *cert. denied*, 342 U.S. 849 (1951) and *Fitch v. Shubert*, 20 F.Supp. 314 (S.D.N.Y. 1937), responded in part: "I certainly agree that there is room for more than one point of view on the rights in a 'new version' as against renewal rights in the basic work." *Id.* at 593.

[6] Ms. Ringer's Study *did* cite *Miller Music* on other issues. *E.g., Ringer Study*, at 159 n.382, 166 n.451, 185 n.609.

[7] Professor Nimmer's treatise, during the period 1963-1976, also founded his tentative conclusion on the *Ricordi* decision, which was distinguished in *Rohauer*, 551 F.2d at 492.

[8] Engel, "Importation and Protection of Works of American Authors Manufactured Abroad Via the U.C.C. Exemption from Formalities: How Now Sacred Cow?," 12 *Bull. Copyright Soc'y* 83, 119 n.126 (1964-65).

rather than owners of derivative work copyrights. The cryptic statement in Frolich & Schwartz, *The Law of Motion Pictures*, 549 (1918), relied on in Resp. Br. 7, only referred to a hypothetical conflict between an author's successor and a future user. The De Wolf book, Resp. Br. 7, 19, tentatively speculated "It is conceived that . . . ."; it relied on *White-Smith Music Publishing Co. v. Goff*, 187 F. 247 (1st Cir. 1911), which is irrelevant to this case. Pet. Br. 22 n.33, 24 n.37, 28 n.46. See also, *Drone On Copyright* (1879), at 326-27 (under 1831 and 1870 predecessors to 1909 Act, author *may* divest himself and family of renewal term).

As Judge Friendly observed, because the 1909 renewal provisions were complex, poorly drawn and subject to continual judicial elaboration,[9] it made sense for some derivative copyright owners, such as movie companies, to buy protective licenses.[10] *Rohauer*, 551 F.2d at 493. This sporadic practice had much less of a legal basis than derivative owner reliance on *Rohauer* during the past eleven years.

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[9] B. Kaplan, *An Unhurried View of Copyright* 40-41 (1967): "[T]he statute, like its predecessors, leaves the development of fundamentals to judges. Indeed, the courts have had to be consulted at nearly every point, for the text of the statute has a maddeningly casual prolixity and imprecision throughout."

[10] Abend makes an unfounded claim that licenses were always effective or reasonable. Others disagree. *Amici* studios Br. 7 & n.9; CLPS Br. 21; Bricker, "Renewal and Extension of Copyright," 29 *S. Cal. L. Rev.* 23, 33 (1955) (*contra* Resp.Br. 8: Mr. Bricker never was employed by MCA); Brown, "Renewal Rights in Copyrights," 28 *Cornell L. Q.* 460, 470 (1943). Anecdotal references to licenses obtained for films such as "GONE WITH THE WIND" should be viewed with caution. Not only were such licenses viewed as an alternative to litigation but also as a means to obtain additional rights. Thus, MGM renewed remake rights, and obtained certain television rights it did not have before. It also used its new license as a basis to argue that it owned "sequel" rights. *Trust Co. Bank v. MGM/UA Entertainment Co.*, 772 F.2d 740, 745 (11th Cir. 1985).

B. The 1976 Congress Did Not Adopt Any Established Rule Regarding the Issue Posed By This Case

Respondent incorrectly argues (Resp. Br. 10-11, 19-20) that the decision to continue the existing renewal scheme as to then existing copyrights was "a compromise approved by the affected groups . . . the result of much study and debate." He has confused the history of two quite separate provisions of section 304.

It is true that the new form of reversion applied to grants for *post-1978 works* and *the 19-year extension to existing copyrights* – a statutory right to terminate grants after a period of years, 17 U.S.C. §§ 203 and 304(c) – was the result of debate and compromise. *Mills Music, Inc. v. Snyder*, 469 U.S. 153, 173-74 & n.41 (1985). From the 1955 beginnings of the copyright law revision efforts, the Copyright Register proposed jettisoning the renewal system, adding a single term with an automatic reversion, to repeal the decision in *Fred Fisher Music Co. v. M. Witmark & Sons*, 318 U.S. 643 (1943) so that *mere assignee/users* could not prospectively tie up an author's *entire copyright* for its *entire duration*.[11] *Mills Music*, 469 U.S. at 172, 185-86.

But, petitioners have shown (Pet.Br. 38-39) that the 1976 Congress retained the old renewal system for the

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[11] Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, 87th Cong. 1st Sess. Copyright Law Revision (H. Judiciary Comm. Print 1961) (*"Register's 1961 Report"*), at 54-55, 92-94. The Register first proposed an automatic reversion effective after a period of years. This reversion proposal developed into the section 203 and 304 statutory termination rights, which rights were applied only to (a) new works under 17 U.S.C. § 203 and (b) to the additional 19-year extension tacked on by Congress under the 1976 Act, but not to the first 56 years of existing copyrights. 17 U.S.C. § 304(c)(3).

first 56 years of copyright for *pre-1978 works* without debate or any "deal." Pet. Br. 38-39. In his initial 1961 Report, before any hearings or meetings, the Register recognized that existing copyrights posed a special problem. He thus proposed (1) that no retroactive change be made to the renewal system applicable to existing copyrights,[12] (2) even though the existing renewal law was ambiguous and uncertain,[13] (3) because a retroactive change would be unfair.[14] His proposal regarding subsisting copyrights was never challenged or debated[15] and

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[12] *Register's 1961 Report*, at 57. The present Register has apparently forgotten the Office's proposal and its reasons. Reg. Br. 13.

[13] *Id.*, at 53. ("[T]his reversionary feature of the present renewal system has . . . been the source of more confusion and litigation than any other provision in the copyright law.")

[14] *Id.*, at 57. ("Certain persons will have acquired expectancies of the future renewal rights under the present law . . . It is unfortunate that the highly troublesome provisions for reversion of renewal rights should continue in effect for 28 years longer, but we believe this is preferable to the confusion and unfairness that would result if existing renewal expectancies were cut off." Of course, there would have been constitutional problems had Congress purported to destroy vested property rights. 1 M. & D. Nimmer, *Nimmer On Copyright* § 1.11 (1989); *Roth v. Pritikin*, 710 F.2d 934, 939 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983).

[15] All of the discussions cited in Resp. Br. at 11-12, 30-31, were directed to the future works and new 19 year extension governed by sections 203 and 304(c), not 301(a). Respondent's elliptical reference to the MPAA statement (Resp. Br. 11) about subsisting copyrights is juxtaposed out of context. Neither the new termination right nor its exception was the subject of the MPAA's acknowledgment of the Register's longstanding proposal that a "very ambiguous" renewal system would be preserved. 1964 Revision Bill with Discussions and Comments, 89th Cong., 1st Sess., Copyright Law Revision, Part 5 (H. Judiciary Comm. Print 1965), at 307.

was simply repeated in his 1965 report[16] and in the final 1976 House report.[17] Neither *Ricordi* nor *Mills Music* nor any other related decision was discussed in the Register's 1961-1965 reports or in any part of the succeeding legislative history of the 1976 Act regarding the reenactment in section 304(a).[18]

As in *Reid*, 109 S.Ct. at 2177, the text of section 304 also discredits respondent's interpretation of the reenactment of the old renewal system. Even though the *same grant* may be subject to both subsections (a) and (c) of section 304, respondent interprets subsection (c) *expressly* to apply a *Rohauer* result and subsection (a) *impliedly* to apply an *Abend* result.

From the legislative history and the text of the 1976 Act, the only conclusion is that the 1976 Congress reenacted the 1909 renewal system in section 304(a) without

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[16] "We believe it would be unjust to destroy [specific renewal expectancies already bargained for and sold in existing works] whether transferred or not, and section 304(a) therefore follows the [*Register's 1961*] *Report*'s recommendation that the present renewal provision be preserved for these works . . . although *this means perpetuating the complexities, uncertainties, and ambiguities of the renewal section* for another 28 years." Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law: 1965 Revision Bill, 89th Cong., 1st Sess. Copyright Law Revision, Part 6 (H. Judiciary Comm. Print 1965)(*"Register's 1965 Supplementary Report"*), at 94-95 (emphasis added).

[17] "Subsection (a) of section 304 reenacts and preserves the renewal provision . . . .A great many of the present expectancies in these cases are the subject of existing contracts, and it would be unfair and immensely confusing to cut off or alter these interests." H. R. Rep. 94-1476, 94th Cong., 2d Sess. (1976), at 139.

[18] 3 *The Kaminstein Legislative History Project: A Compendium and Analytical Index of Materials Leading to the Copyright Act of 1976*, 401-447 (A. Latman & J. Lightstone ed. 1983) (hereinafter *"Kaminstein Project"*); 4 *Kaminstein Project*, 155-218.

adopting any particular view on the issue before this Court, thus leaving to future courts the task of defining the evolving and "still unclear" property, note 5, *supra*, created by the renewal term. *See Reid*, 109 S.Ct. at 2177.

III. THE NINTH CIRCUIT ADOPTED A RULE AT ODDS WITH THE TEXT, LEGISLATIVE HISTORY AND PURPOSE OF THE 1909 ACT

A. Petitioners' 1983 Use of the Woolrich Story as Incorporated into the 1954 Film was Authorized by Both Woolrich's 1945 Grant and Section 7 of the 1909 Act

Respondent argues (Resp. Br. 21-22) that petitioners cannot *continue to use* the portions of the Short Story as revised and incorporated into the 1954 Film because petitioners do not *own* an interest in the Story conferred (1) by statute or (2) by assignment. Respondent simply ignores petitioners' brief on this point, Pet. Br. 32 – primarily by the device of arguing that the 1976 Act, not the 1909 Act, governs.[19]

B. Neither Pre-1977 Statutory Nor Decisional Law Preclude The Rohauer Result

Nothing in sections 7 or 24 of the 1909 Act bars the *Rohauer* result. Pet. Br. 14-22. Petitioners have already disposed of respondent's arguments that *Rohauer* is prohibited by:

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[19] Respondent's argument (Resp. Br. 24 n.32) that section 103 does not allow a derivative work exception ignores the fact that the 1976 Congress found no conceptual impediment to stating that the new statutory reversion right, when exercised, would cause all rights previously granted to revert but would still allow the continued use of existing derivative works. 17 U.S.C. § 304(c)(6) (first clause) and 304(c)(6)(A).

1. The rule arising from section 7, now 103, that the copyright in a derivative work only *protects new* matter, not the underlying matter. Pet. Br. 174 n.25.

2. The theory that the judicially defined reversionary effect given the renewal term under section 24 to the statutory successor for a prior work must be applied to destroy enjoyment of the initial and renewal terms given by the same statute to derivative copyright owners. Pet. Br. 17-32.

Neither the present Register's brief nor the former Register, Ms. Ringer, in the CLPS brief, explain why it is so clear *now* that *Miller Music* (1960) governs this case yet *Miller Music* was not cited for that proposition in Ms. Ringer's 1960 Copyright Office Study. See notes 5 and 6, *supra*. Nor is it at all helpful to the analysis to have brief writers, Resp. Br. 23, Songwriters Br. 9, assure us that derivative work copyrights *were* somehow involved in *Miller Music* even though neither they nor their legal significance were ever discussed.

C. Rohauer Better Accommodates The Purposes of the 1909 Act

1. Both Copyright Owners Are Entitled To A Two Term Copyright

Neither respondent nor any of the supporting *amici* briefs make any attempt to reconcile the apparent conflict between sections 7 and 24 of the 1909 Act or explain why the 1909 Act should be read to give derivative works a copyright whose enjoyment is defeasible. Pet. Br. 14-22.

2. The Rohauer Rule Would Not Defeat Woolrich's Reasonable Expectations

Respondent continues to ignore the fact that if Woolrich had survived for another few months, as he reasonably must have expected when he made his 1945

Assignment, petitioners would have even broader rights – the right to make new film versions of the Short Story. Because of Woolrich's death, his statutory successors – even under the *Rohauer* rule – have broader rights in the renewal term than Woolrich would have if he had survived to renew. Although some *derivative* works may only involve minimal variation over a prior work, the prior author nevertheless consented to creation of the derivative work. Under *Rohauer*, the derivative work may only make a *non*-exclusive use of the prior work. Many copyrighted works' authors, *e.g.*, songwriters encourage the greatest possible number of non-exclusive uses. SGA Br. 17.

Respondent now argues that Woolrich's contract reserved to the author and his successors all benefits of new technology. Resp. Br. 42 n.64. If he is correct, the *Rohauer* rule would not impair that right.

3. A Derivative Work Owner Cannot Effectively Protect Himself From An Abend Rule

Although respondent cannot imagine that an *Abend* rule would produce deadlock and "copyright death" for some derivative works, amici briefs filed in support of *both* parties do. Studios Br. 7 & n.9; CLPS Br. 21; Reg. Br. 9.[20]

The majority below held that "special circumstances" precluded injunctive relief in this case because: an injunction would cause great injustice to the Film's owners

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[20] In view of the fact that studios have been distributing films for eleven years in reliance on the *Rohauer* rule, Studios Br. 6, it is not surprising that they do not wish to list those "infringements" under *Abend* on the public record, especially with the circling of third party "speculators" who await the outcome of this case. See, H.R. Rep. 94-1476, *supra*, at 127. *See also*, *Miller Music*, 469 U.S. at 183 n.8, listing some "copyright dead" films.

because they would be precluded from exploiting the new matter in the derivative work[21] and the public would be injured[22] if it lost the opportunity "to view a classic film."[23] Pet. App. 32-33. Respondent argues that if injunctive relief is barred, an impasse is even less likely.

To petitioner's rejoinder that future, uncertain awards of actual damages and disgorgement of profits will also effectively "enjoin" future distribution (Pet. Br. 35-36), respondent, repeating the majority below, notes simplistically that apportionment of profits has long been a feature of the copyright laws. Resp. Br. 22; Pet. App. 35. Both respondent and the majority below soft pedal the fact that infringers bear all the risks of imprecise damage and apportionment calculations. 3 *Nimmer*, § 14.02[A], at 14-11 to -12; 17 U.S.C. § 504(b).

As for the problem of impasse,[24] respondent's "solution" is that a derivative copyright owner "need only

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[21] This would occur in every *Rohauer/Abend* situation and also in cases where a license in a prior work expired by contract. *E.g.*, *Ricordi*, *supra*, 189 F.2d at 471.

[22] Ironically, the majority below impliedly acknowledged that the copyright monopoly creates a tension between an author and public access. Unfortunately, it missed the point that public access is to prevail where those interests clash. H.R. Rep. 60-2222, 60th Cong., 2d Sess. 7 (1909); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

[23] By pretending that a "classic film" exception was not created, Resp. Br. 25, respondent avoided responding to the prospect that an *Abend* rule would transform district judges into film critics and social arbiters. Pet. Br. 35.

[24] The Songwriters Brief greatly understates the prospect in two ways. First, it argues that the significant derivative works that incorporate music are other musical arrangements or performances. This ignores the massive amount of licensed

(Continued on following page)

institute a declaratory relief action to establish its ability [to continue distribution] and the portion of profits to be paid." Resp. Br. 25.[25] The first step may require proof of public injury, *e.g.*, "a classic film;" the second step puts the burden on defendant to prove apportionment at his peril, 17 U.S.C. § 504(b) – often based on ancient evidence regarding relative contributions and defendant's expenses and speculative evidence about a future audience's reaction to those contributions. 3 *Nimmer*, § 14.03[C] at 14-29 to -33 & nn.30-32 (apportionment may depend upon audience reaction). Advisedly, neither respondent nor the Ninth Circuit warrant that these "solutions" will be swift. Both of the Ninth Circuit apportionment cases cited below, Pet. App. 34, required at least two appeals each to sort out the apportionment issues. *Cream Records, Inc. v. Joseph Schlitz Brewing Co.*, 754 F.2d 826 (9th Cir. 1985) & 864 F.2d 668 (9th Cir. 1989); *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505

(Continued from previous page)

music from every era now used in motion pictures and television programs. *E.g.*, in 1984 and 1988, MCA used 5.2 to 7 *licensed* songs per each of about 40 films and about 400 *licensed* songs in 250 television programs. Second, it suggests that compulsory licensing and performing rights societies are the solution, but they have limited application to the use of music in films, television or on stage. *See* Ellingson, "The Copyright Exception for Derivative Works and the Scope of Utilization", 56 *Ind. L.J.* 1, 32 (1980). Another *amici*'s solution, that troublesome prior works simply be excised from the derivative work, CLPS Br. 28, thereby creating an "altered" work, creates *other* technical, artistic and legal problems. For example, imagine replacing the music accompanying Gene Kelly's performance in SINGING IN THE RAIN. And, altering a derivative work may require labeling.

[25] Even if it could be assumed that Congress intended to burden derivative work copyrights with the need for "clarifying" litigation, petitioners are not aware of any situation where courts have been willing to grant declaratory relief to parties to enable them to infringe federal rights.

(9th Cir. 1985) & 886 F.2d 1545 (9th Cir. 1989) (revising apportionment favoring plaintiff upwards from 25% to 75%). Even if *certainty* was of no concern, *time* is of concern to a copyright holder whose copyright term is running.

Finally, respondent argues this *is* a case requiring injunctive relief after all. Resp. Br. 25 n.33. If so, it is hard to imagine any derivative work immune from the risk of "copyright death."[26]

4. The Abend Rule Will Only Discourage, Not Encourage, Future Creativity

Since the issue in this case only arises where pre-1978 works are incorporated into later, derivative works, adoption of *Rohauer* cannot deter future creativity. Post-1977 works are subject to the statutory derivative works exception to the new statutory termination right. 17 U.S.C. § 203. However, the newly revised Nimmer treatise concedes that adoption of the *Abend* rule will discourage new derivative use of certain pre-1978 works.[27] 1 *Nimmer*, § 3.07[A], at 3-37 n.29.24. The *Abend*

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[26] Abend ignores the fact that "copyright death" defeats not only economic interests but the public's interest in access to the multitude of creative artists often involved in large derivative works. This result erodes the Copyright Act's primary purpose. See note 22, *supra*. The *amici* favoring *Abend* ignore the prospect that the refusal of just one statutory successor to grant a new license under the *Abend* rule will bar the future distribution of all other included contributions.

[27] All the works created during the period 1962 through 1977 are yet to be renewed.

rule thus will benefit speculators at the expense of living authors.[28]

A new derivative work owner could, as respondent argues, Resp. Br. 41 n.62, "decrease the risk" by buying assignments from the "more likely" beneficiaries of the renewal. But, it constitutes an additional burden on derivative works and constitutes economic waste. If the author survives, the additional cost was unnecessary. If the author dies, the derivative owner may have chosen the wrong beneficiary – especially where the author, as here, leaves neither spouse nor children.

5. Abend's "Parade of Horribles" Is Unfounded

Respondent speculates that a whole parade of horribles will follow if this Court adopts the *Rohauer* rule, rather than the *Abend* rule. Resp. Br. 31-34. But the problems respondent predicts merely illustrate his misunderstanding – seemingly intentional – of the *Rohauer* rule and its theoretical and legal underpinning. Thus, respondent argues that contracts negotiated by authors to receive additional compensation for the renewal term would be void, that authors would be unable to enforce contractual limitations on the editing of their works, and that producers could continue to use author's works, with impunity, even if they breached contracts granting them rights. Of course, this is all nonsense.

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[28] The number of pre-1978 works which are *potentially* subject to reversion (and therefore to be avoided in a new derivative work) is even greater than those that *actually* become *Rohauer/Abend* problems. A prudent producer of a new film that incorporates pre-1978 music will thus restrict his usage to works-made-for-hire or works already renewed.

The *Rohauer* rule does not invalidate the terms of contracts between authors and those acquiring rights from authors. Indeed, the *Rohauer* rule rests, in part, on the author's contractual transfer of the renewal term, as well as the original term of copyright in his or her work. It is respondent, not petitioners, who seeks to avoid enforcing contracts. Respondent argues that studios that have contracted to pay compensation to heirs of deceased authors (and speculators)[29] would seek restitution of the payments made or at least discontinue future payments.[30] But those contracts are binding compromises made because of the uncertainty[31] surrounding this area of the law.

Next, respondent claims that adoption of the *Rohauer* rule might result in a derivative work inadvertently putting a copyrighted underlying work into the public domain. This argument has already been rejected in *Russell v. Price*, 612 F.2d 1122 (9th Cir. 1979), *cert. denied, Drebin v. Russell*, 446 U.S. 952 (1980) and *Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91 (2d Cir. 1981)[32] and is

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[29] Despite respondent's recent protests, Resp. Br. 38 n.56, he previously boasted about identifying 600 films with *Rohauer/Abend* problems, claimed to have acquired renewal interests in at least 100, and assisted Mr. Rohauer (who owned at least 200) by requesting Irwin Karp to file an amicus brief because the *Rohauer* decision had an adverse impact on his business. Pet. Br. 36 n.62; R.87: Abend Depo. at 4, 6, 7, 21-22.

[30] If that were so, respondent should be able to show a pattern of such conduct during the 11 years between *Rohauer* and *Abend*. Respondent cannot.

[31] Since petitioners' 1954 Film was created and copyrighted before this Court's 5-4 decision in *Miller Music* (1960) and was re-released in 1983 specifically in reliance on *Rohauer* (1977), it is difficult to know what *known risk* respondent and some *amici* accuse petitioners of taking.

[32] Neither *Russell* nor *Filmvideo* are inconsistent with *Rohauer*. Pet. Br. 16 n. 23. *Filmvideo* only assumed *arguendo* that *Rohauer* was a "minor aberration," if at all. 668 F.2d at 93.

clearly implausible under Section 7 of the 1909 Act, whose legislative history reveals that its primary purpose is to avoid this very result. Pet. Br. 14-17. Incredibly, respondent also argues that the *Rohauer* rule could result in the petitioners being able to make new derivative works, as well as merely continuing distribution of existing derivative works. Resp. Br. 31. But that is directly contrary to *Rohauer*, and illustrates the distinction between *Rohauer* and *Miller Music* which respondent struggles to ignore – *Rohauer* involved two competing copyrighted works, whereas *Miller Music* involved only one copyrighted work. It is the accommodation of the rights of two *existing* competing copyrighted works that resulted in the *Rohauer* rule. *Ellingson, supra*, 56 *Ind. L.J.* at 23-27.

Finally, respondent contends that under the *Rohauer* rule, the re-release of the older derivative work would frustrate the owners of the underlying work from licensing new derivative works during the renewal term. Apparently, respondent is subtly admitting that he (and other owners of underlying works) might choose not to permit the continued distribution of existing derivative works, so that they could license new derivative works without competition. This is precisely the type of "copyright death" that petitioners fear, but that respondent has argued would not occur. On the other hand, if this Court were to adopt the *Rohauer* rule, the only competition the owners of underlying works would face is that competition from derivative works which their author-predecessors expressly sanctioned and, therefore, expected.

IV. FAIR USE

Respondent does not discuss, and therefore he impliedly concedes, that the statutory fair use factors are neither exclusive nor conclusive, but are intended to help focus attention on the overall fairness of the use based on an "equitable rule of reason." *Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 549 n.3, 560 (1985). Considerations of equity and fairness overwhelmingly favor petitioners.

Respondent's analysis of the four fair use factors set forth in § 107 is fatally flawed by his mischaracterization of the facts. First, Mr. Hitchcock did not estimate that 20% of the profits from the film were "attributable to his use of the Story." Resp. Br. 45. *See* Pet. Br. 40, n.69.

Second, petitioners' re-release of the Film did not have a "disasterous effect on the potential market" for a remake film based upon the Story. Resp. Br. 44 & 46 n.69. Rather, respondent's remake "fizzled" because (a) respondent's script "wasn't very good" and (b) the petitioners' "classic film" existed (not because it was re-released). Pet. Br. 40 n.69.

Finally, respondent's argument that "as a general proposition . . . release of an earlier motion picture version will interfere with the release of new versions" is absurd. Resp. Br. 47. The history of film is replete with examples of remakes.[33]

---

[33] Steven Spielberg's latest film "ALWAYS," a remake of "A GUY NAMED JOE," has just been released even though the original is still available. See also, HENRY V (1944) (1989). Indeed, many "classic" films of Alfred Hitchcock have been remade: "THE THIRTY NINE STEPS" (1959) and (1978); "THE LADY VANISHES" (1938) (1979); "THE MAN WHO KNEW TOO MUCH" (1934) (1956) and "DIAL M FOR MURDER" (1954) (1981).

V. CONCLUSION

The decision of the Court of Appeals should be reversed with directions to affirm the summary judgment for defendants.

December, 1989

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No. 88-2102

In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED H. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.,

Petitioner,

vs.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

SUPPLEMENTAL BRIEF BY RESPONDENT

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Pursuant to Rule 36.5 of this Court's Rules, respondent submits this supplemental brief to advise the Court that the treatise *Nimmer on Copyright* was just updated to include an extensive discussion of the Ninth Circuit Court of Appeals' decision in this case. 1 M. & D. Nimmer, *Nimmer on Copyright* § 3.06[A][3]. This treatise concludes that the Ninth Circuit's decision was correct.

The recent update of *Nimmer on Copyright* was received by respondent's counsel within the last week and, as a result, was not available in time to be included in respondent's brief in chief.

Dated: January 3, 1990

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No. 88-2102

In The

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JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

MOTION AND BRIEF *AMICUS CURIAE* SUBMITTED BY COLUMBIA PICTURES INDUSTRIES, INC., MGM/UA COMMUNICATIONS CO., ORION PICTURES CORPORATION, PARAMOUNT PICTURES CORPORATION, TURNER ENTERTAINMENT CO., TWENTIETH CENTURY FOX FILM CORPORATION AND WARNER BROS. INC. IN SUPPORT OF PETITIONERS

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Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

MOTION FOR LEAVE TO FILE BRIEF AMICUS CURIAE SUBMITTED BY COLUMBIA PICTURES INDUSTRIES, INC., MGM/UA COMMUNICATIONS CO., ORION PICTURES CORPORATION, PARAMOUNT PICTURES CORPORATION, TURNER ENTERTAINMENT CO., TWENTIETH CENTURY FOX FILM CORPORATION AND WARNER BROS. INC.

Columbia Pictures Industries, Inc., MGM/UA Communications Co., Orion Pictures Corporation, Paramount

Pictures Corporation, Turner Entertainment Co., Twentieth Century Fox Film Corporation and Warner Bros. Inc. (hereinafter "*amici*") respectfully move for leave to file the attached brief *amicus curiae* in support of petitioners. Petitioners have consented to the filing of the brief. Respondent, however, has declined to consent.[1]

As producers, financers, and distributors of motion pictures, *amici* each own large film libraries that include copyrighted motion pictures which are based in part on other copyrighted works – such as novels, plays and short stories (hereinafter "underlying works") – that are subject to the same statutory copyright renewal provisions as those that the Court must construe in this case. Like REAR WINDOW, these motion pictures (hereinafter "derivative motion pictures") were produced and copyrighted under written licenses from the authors of the underlying works. Moreover, hundreds – if not thousands – of these derivative motion pictures were based, as was REAR WINDOW, on underlying works whose authors (*i.e.*, *amici's* licensors) died before commencement of the underlying works' renewal copyright terms.[2]

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[1] Respondent consented to *amici's* filing of a brief in support of the petition for writ of certiorari. His apparent reason for withholding consent to *amici's* filing a brief on the merits is his erroneous belief that *amici* have nothing further to contribute to this Court's consideration of the issues raised by the petition.

[2] Respondent estimates that there are approximately 600 such motion pictures. Appellant's Opening Brief at 4. *Amici* believe that the actual number may be much higher.

In reliance both on their licenses from the underlying works' authors, and on the Second Circuit's opinion in *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484, *cert. denied*, 431 U.S. 939 (1977), *amici* for many years have distributed their derivative motion pictures to the public during the underlying works' renewal copyright terms, without having obtained new licenses from the owners of the underlying works' renewal copyrights. Nevertheless, the Ninth Circuit's opinion holds – in direct conflict with *Rohauer* – that *amici* may no longer continue to distribute these derivative motion pictures without infringing the renewal copyrights in the underlying works. This Court's resolution of the conflict between *Rohauer* and the Ninth Circuit's decision in this case is thus vital both to *amici's* rights to continue distributing these motion pictures and to the public's interest in having continued access to these films.

Amici believe that their experience in producing, financing, distributing and copyrighting motion pictures, including derivative motion pictures such as REAR WINDOW, affords them a unique and valuable perspective on the legal and practical issues presented by the petition, particularly the policy issues pertinent to a proper construction of the copyright statute.[3] This experience and perspective, *amici* believe, will enable them to bring before the Court a focused analysis of legal arguments,

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[3] As this Court frequently has noted, the copyright statute must be construed consistently with its underlying policies of promoting broad public availability of artistic works, stimulating creativity and rewarding authors for their labors. *See, e.g.*, *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

industrial practices, and economic and policy-related considerations which will contribute to the Court's deliberation and resolution of the issues raised in the petition.[4]

For all of the foregoing reasons, *amici* respectfully request that the Court grant this motion and permit them to file the attached brief as *amici curiae*.

DATED: November 16, 1989

Respectfully submitted,

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[4] Respondent is neither an author nor a motion picture producer or distributor and, hence, he is not as well situated as *amici* to present an analysis of these important matters to the Court. Moreover, Petitioners' Brief understandably devotes far more attention to the facts of this particular litigation than it does to the broader practical and policy considerations, addressed by *amici*, that are so crucial to this Court's construction of the statutory provisions involved in the case.

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No. 88-2102

In The

Supreme Court of the United States

October Term, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

BRIEF *AMICUS CURIAE* SUBMITTED BY COLUMBIA PICTURES INDUSTRIES, INC., MGM/UA COMMUNICATIONS CO., ORION PICTURES CORPORATION, PARAMOUNT PICTURES CORPORATION, TURNER ENTERTAINMENT CO., TWENTIETH CENTURY FOX FILM CORPORATION AND WARNER BROS. INC. IN SUPPORT OF PETITIONERS

PREFATORY STATEMENT

This brief is submitted in support of petitioners by *amici curiae* Columbia Pictures Industries, Inc., MGM/UA Communications Co., Orion Pictures Corporation,

Paramount Pictures Corporation, Turner Entertainment Co., Twentieth Century Fox Film Corporation and Warner Bros. Inc. The decision below, *Abend v. MCA, Inc.*, 863 F.2d 1465 (9th Cir. 1988) (*"Abend"*), irreconcilably conflicts with *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.), *cert. denied*, 431 U.S. 939 (1977) (*"Rohauer"*), on a copyright issue of national importance. To resolve that conflict, *amici* respectfully urge the Court to reverse *Abend* and to uphold the Second Circuit's well-reasoned decision in *Rohauer*.

INTERESTS OF *AMICI*

All *amici* (except Turner Entertainment Co.) produce, or finance production of, motion pictures which they distribute for exhibition throughout the world.[1] As a result of their many years in the motion picture industry, moreover, *amici* each own large libraries of copyrighted motion pictures which they also distribute worldwide.

Many of *amici's* motion pictures are based, in part, on copyrighted literary works such as novels, plays and short stories (hereinafter "underlying works") that are subject to the same statutory copyright renewal provisions as those at issue in this case.[2] These motion pictures (hereinafter "derivative motion pictures") were

[1] Turner Entertainment Co.'s sole business is the distribution of such motion pictures.

[2] The Ninth Circuit's opinion in *Abend* involves the renewal provisions contained in the second proviso of section 24 of the Copyright Act of 1909, Pub. L. No. 60-349, ch. 320, 35 Stat. 1075, 17 U.S.C. §§ 1 *et seq.* (superseded 1978) (hereinafter "1909 Act"). These provisions were reincorporated *verbatim* into section 304(a) of the General Revision of Copyright Law, Pub. L. No. 94-553, 90 Stat. 2541, 17 U.S.C. §§ 101 *et seq.* (1976) (hereinafter "1976 Act"). Section 304(a) applies to all works that were in their first copyright term as of January 1, 1978.

produced, and are currently being distributed, under written assignments or licenses (hereinafter collectively "licenses") from the underlying works' authors. In most cases, these licenses granted *amici* or their predecessors the right to distribute and exhibit the motion pictures during both the original and renewal terms of the copyrights in the underlying works.

Hundreds – if not thousands – of these derivative motion pictures were based on underlying works whose authors (*i.e., amici's* licensors) died before the renewal terms of those underlying works.[3] *Rohauer* permits – but *Abend* prohibits – *amici's* continued distribution of these derivative motion pictures during the underlying works' renewal terms. This Court's resolution of the conflict between *Rohauer* and *Abend* is thus vital to *amici's* rights to continue distributing these copyrighted motion pictures and to the public's interest in having continued access to these films.[4]

[3] The exact number of *amici's* derivative motion pictures now in distribution which are based on underlying works whose authors died before commencement of the renewal terms in those works is not currently known. Respondent, however, estimates that approximately *600* motion pictures fall into this category. Appellant's Opening Brief ("AOB") at 4. *See also MCA Loses Legal Ground in "Rear Window" Dispute*, Daily Variety, Dec. 28, 1988 at 1, 2 ("Attorneys for Abend say 'hundreds and hundreds' of films fall into a similar copyright situation . . . "). *Amici* believe that the actual number may be much higher.

[4] The impact of the Ninth Circuit's *Abend* opinion is not limited to motion pictures that are based upon, or incorporate, separately copyrighted *short stories* like Cornell Woolrich's "It Had To Be Murder." Motion pictures frequently incorporate numerous copyrighted works in addition to copyrighted short

(Continued on following page)

BACKGROUND FACTS

A. The Historical, Creative And Economic Significance Of *Amici's* Film Libraries

As noted above, *amici* own large libraries of copyrighted motion pictures. These motion pictures include film classics representing virtually every genre and era of American film, from the silent films of the early 1900's to the sci-fi/special effects films of the 1980's, and represent the best – and in several cases the only – works of legendary motion picture directors such as D.W. Griffith, Cecil B. DeMille and John Ford, motion picture screen writers such as Lillian Hellman, Frank Capra and Billy Wilder and motion picture actors and actresses such as Lon Chaney, Mary Pickford, Lillian Gish and John Barrymore.

Amici's motion pictures also represent massive economic investments. In 1941 the average cost to produce a feature length motion picture was $400,000[5]; in 1949 it exceeded $1,000,000[6]; by 1972 it had risen to $1,890,000[7]; and, today *amici's* average production costs are $17,000,000 per picture.[8]

(Continued from previous page)

stories, including, for example, musical compositions, sound recordings, paintings, photographs, sculpture and famous characters from literature and comic books. *Abend* permits the owner of the renewal copyright in *any* of these underlying works whose author died before commencement of the renewal term to enjoin, and to recover huge monetary awards for, continued distribution of these motion pictures.

[5] *International Motion Picture Almanac* at 36A (58th ed. 1986).

[6] *Id.*

[7] *Id.*

[8] *Pic Budgets Reach for the Sky*, Daily Variety, June 28, 1989 at 1.

The films in *amici's* libraries transcend merely historical interest. Indeed, the public has demonstrated a strong and continuing desire to view these films. *Amici* have thus frequently made motion pictures from their libraries available for exhibition in theaters, on television and on home video cassettes and video discs.

B. For The Past Twelve Years, *Amici* Have Distributed Hundreds Of Their Derivative Motion Pictures In Reliance On *Rohauer*

As noted above, many of *amici's* motion pictures are derivative works that were produced under licenses from authors of underlying material. These licenses expressly granted *amici* (or their predecessors) the right both to produce their derivative motion pictures and to distribute them during both the original and renewal terms of the underlying works. On January 7, 1977, in a significant case of first impression, *Rohauer* held that the owners of derivative motion pictures produced under such licenses may distribute them during the underlying works' renewal copyright terms even where the authors of those underlying works died before commencement of such renewal terms. In so holding, *Rohauer* expressly rejected the argument, accepted by the Ninth Circuit in this case, that such distribution may continue during an underlying work's renewal term only if the derivative motion picture owner purchases a new license from the current owner of the renewal copyright in the underlying work.[9]

In the twelve years since the *Rohauer* decision, *amici* and many others have distributed hundreds of derivative

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[9] Prior to the *Rohauer* decision, there were conflicting "beliefs" and "understandings", but no definitive ruling, "regarding whether the law allowed a derivative-work owner to utilize the work after the expiration of the underlying copyright or whether the law prohibited all utilization of the derivative work." *See Mills Music, Inc. v. Snyder*, 469 U.S. 153, 176-77 n.45 (1985); *see also id.* at 183 n.7 (White J., dissenting).

motion pictures produced under licenses from authors of underlying works who died before commencement of the renewal copyright term in those works. Moreover, they have done so, relying on *Rohauer, without* obtaining new licenses from the current owners of the underlying works' renewal copyrights. This reliance was well-placed: *Rohauer* stood as the only ruling during this entire twelve year period on the issue whether an author's death before the renewal term of his underlying work nullifies the rights of persons like *amici* to exploit during the renewal term separately copyrighted derivative works produced with the deceased author's consent.[10] *Abend*, however, now brands as infringements the longstanding distribution activities undertaken by *amici* in reliance on *Rohauer* and exposes *amici* and many others to enormous potential liability under the Copyright Act.

C. *Abend's* Inevitable Prejudicial Effects.

The Ninth Circuit's opinion in *Abend* does more than merely threaten *amici* and other motion picture owners with liability for the *past* distribution of derivative motion pictures based on underlying works whose authors died before their renewal copyright terms. If allowed to stand, *Abend* will also snuff out *future* distribution and exhibition to the American public of these and many other derivative motion pictures. For, under the Ninth Circuit's interpretation of the 1909 Act, *amici* will be forced to withdraw such derivative motion pictures from distribution in order to avoid continuing liability for

[10] Indeed, eight years after the Second Circuit's decision in *Rohauer*, four members of this Court correctly characterized the holding of *Rohauer* as the "prevail[ing]" view. *Mills Music*, 469 U.S. at 183 n.7 (White, J., dissenting). The majority in *Mills Music* did not disagree with this characterization.

copyright infringement.[11] This inevitable result will not only deprive *amici* of significant economic returns on their motion picture investments, but it will also deprive the American public of continuing access to countless classic films.[12]

D. The Proceedings Below.

Respondent brought this copyright infringement action to enjoin petitioners' continued distribution of the classic 1954 Alfred Hitchcock motion picture entitled "REAR WINDOW," starring James Stewart and Grace

[11] Indeed, this is exactly what happened before the Second Circuit decided *Rohauer*. Prior to *Rohauer, amici* removed several of their highly successful motion pictures from distribution because they were concerned about the uncertain outcome of potential infringement actions by owners of renewal copyrights in underlying works. *See Mills Music*, 469 U.S. at 183-84 & n.8 (White, J., dissenting). These included "THANKS FOR THE MEMORY" (starring Bob Hope), "YOU CAN'T TAKE IT WITH YOU" (Starring Lionel Barrymore and James Stewart), "THE MAN WHO CAME TO DINNER" (starring Monty Woolley) and many others. *Id.*; Jaszi, *When Works Collide: Derivative Motion Pictures Underlying Rights and the Public Interest*, 28 UCLA L. Rev. 715, 740 (1981).

[12] The Ninth Circuit's opinion will affect not only derivative motion pictures created before January 1, 1978 (the date the 1909 Act expired) but also derivative motion pictures created well into the next century. As noted above (note 2, *supra*), section 304(a) of the 1976 Act preserves the 1909 Act's two-tier renewal system for all works that were in their initial copyright term as of January 1, 1978. (See Pet. App. 29). The ultimate owners of the renewal copyrights in these works will not be known until twenty-eight years after commencement of their initial copyright terms, which in many cases will not be until the year 2005. The Ninth Circuit's interpretation of the 1909 Act will thus apply to motion pictures produced by *amici* through the year 2005 that are based on underlying works copyrighted before 1978.

Kelly ("the motion picture"), and to recover petitioners' profits from the 1983 re-release of the motion picture. (Pet. App. 4-5, 32-36). The evidence establishes that: (a) the motion picture was based in part on a copyrighted short story by Cornell Woolrich ("the short story") pursuant to a written license from Woolrich which granted the right to distribute the motion picture during the terms of both the original and renewal copyrights in the short story (Pet. App. 3-4); (b) Woolrich died unmarried and without children before the short story's renewal copyright term began (Pet. App. 4)[13]; (c) Woolrich's executor obtained a renewal copyright for the short story after Woolrich's death and in 1971 conveyed it to Abend for $650 (Brief for Petitioners ("Br. for Pet.") at 6); (d) in 1982 petitioners renewed the copyright in the motion picture (Pet. App. 44); and (e) petitioners thereafter re-released the motion picture for public distribution and exhibition in reliance on (i) their written license from Woolrich, (ii) their renewal copyright in the motion picture and (iii) the *Rohauer* opinion. (Pet. App. 5). Finding these facts virtually identical to the material facts in *Rohauer*, the District Court, following *Rohauer*, granted summary judgment to petitioners. A divided panel of the Ninth Circuit, finding the reasoning of *Rohauer* unpersuasive, reversed.[14] A petition for rehearing was denied, and the petition for writ of certiorari followed.

SUMMARY OF ARGUMENT

Section 7 of the 1909 Act grants a separate and independent copyright to a derivative work created with the

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[13] Because Woolrich left neither a widow nor a surviving child, the right to renew the short story's copyright vested in Woolrich's executor. 17 U.S.C. § 24 (1909).

[14] The Ninth Circuit also rejected petitioners' fair use defense. (Pet. App. 36-40). This brief does not discuss the fair use issue.

consent of the author of an underlying work during the underlying work's initial term. This copyright bestows upon the derivative work owner the same right to exploit his work for two consecutive twenty-eight year terms as is granted to all other copyright owners. Section 7 does not limit in any way the right of a derivative work owner to exploit his work throughout these two consecutive terms.

Despite the fact that section 7 confers on derivative works all rights of "copyright under the provisions of this title", the Ninth Circuit held that these rights terminate upon expiration of the original copyright term in any underlying work whose author dies before commencement of the underlying work's renewal term. This statutory interpretation ignores the clear language of section 7 and fails to give effect to Congress' intent, reflected in section 7, to grant full and independent copyright status to derivative works.

Nor is the Ninth Circuit's statutory construction supported by the language of section 24 of the Act. Section 24 does not subordinate the original or renewal copyright term in any work to that of another, much less terminate the rights of a derivative work owner upon the death of an underlying work's author before his work's renewal term. Indeed, section 24 does not even discuss the relationship between underlying and derivative works. It does no more than define the length of the original copyright term and then create a statutory hierarchy of people who may renew the copyright at the end of its original term.

The Ninth Circuit's decision, moreover, ignores this Court's mandate that the 1909 Act must be construed in a manner consistent with the statute's basic policies of promoting broad public availability of copyrighted works and stimulating creativity. Instead of promoting these policies, the Ninth Circuit's statutory construction defeats them. If allowed to stand, *Abend* will force *amici* and other motion picture owners, in order to avoid exposure to continuing copyright infringement liability, to withdraw

from future distribution all derivative motion pictures based on underlying works whose authors died before the underlying works' renewal terms. This inevitable result will deprive the public of access to hundreds of copyrighted derivative motion pictures – many of which are American film classics.

Abend, moreover, will discourage – rather than stimulate – creativity. In section 7, Congress promoted creative efforts by encouraging the use of existing copyrighted works, with the consent of their owners, in the creation of new works. In contrast, the Ninth Circuit's statutory interpretation builds into the statute a distinct disincentive to the creation of new derivative works. If *Abend* is allowed to stand, a motion picture producer will be unlikely to risk producing an expensive derivative motion picture knowing that the picture's two consecutive copyright terms could be snuffed out prematurely by the death of an underlying work's author before its renewal term.[15]

The Ninth Circuit's stated reasons for ignoring the statute's clear language and underlying policies do not support its statutory construction. The Ninth Circuit first relies on this Court's decision in *Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. 373 (1960). *Miller Music*, however, is inapposite.

Miller Music involved only *one* copyrighted work, and merely held that the death of the work's author before its renewal term renders unenforceable the author's contractual assignment of the renewal copyright

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[15] Indeed, motion picture producers would be unlikely even to risk the investment necessary to *acquire* motion picture rights in a pre-existing work during its initial copyright term if the right to seek continued economic returns from that investment could be terminated by the premature death of the pre-existing work's author. This reluctance would, in turn, lessen the opportunities of the work's author to realize economic benefits from the sale of such motion picture rights, a result directly at odds with the Copyright Act's policy of rewarding authors for their creative labors.

to a third party. In contrast, *Abend* involves *two* separately copyrighted works, the underlying short story and the derivative motion picture. The issue here, moreover, is not whether an author's *contractual* transfer of the renewal copyright in his underlying work is rendered ineffectual by the author's death before commencement of the renewal term. Rather, the issue is whether the death of an underlying work's author before renewal nullifies section 7's *statutory* grant of a separate copyright to derivative works that are both created with the author's consent during the underlying work's original term and distributed thereafter in strict conformance with the terms of that consent. Since *Miller Music* did not – as does this case – involve competing copyrights in underlying and derivative works, it did not resolve (indeed it could not have resolved) this latter issue.

The Ninth Circuit's reliance on legislative history is also misplaced. The Ninth Circuit notes that the legislative history establishes that an author's renewal copyright is contingent upon his surviving to the renewal term, and that his failure to survive to the time for renewal vests the renewal copyright in his statutory successors, thereby providing those successors a new (*i.e.*, a "second") chance to exploit that renewal copyright. This legislative history, however, like the holding in *Miller Music*, is relevant only to the issue concerning who owns the renewal copyright in the author's original work. It has no bearing upon the issue in this case, *i.e.*, whether the vesting of the contingent renewal right in the author's statutory successors nullifies the *separate* copyright granted by section 7 to derivative works created with the author's consent during the initial copyright term.

ARGUMENT

I.

SECTION 7 OF THE 1909 ACT CONFERS THE SAME EXCLUSIVE RIGHTS ON COPYRIGHTED DERIVATIVE WORKS AS IT CONFERS ON ALL OTHER COPYRIGHTED WORKS. THE NINTH CIRCUIT ERRED IN CONCLUDING THAT THE SECOND PROVISO OF SECTION 24 LIMITS THOSE RIGHTS

Like *Rohauer*, this case presents a conflict between the owners of two separate and distinct copyrights, the copyright in the derivative motion picture (and the renewal thereof), owned by petitioners, and the renewal copyright in the underlying short story, owned by respondent. Despite the fact that section 7 of the 1909 Act confers on derivative works, such as petitioners' multi-million dollar motion picture, all rights of "copyright under the provisions of this title" (17 U.S.C. § 7), the Ninth Circuit held that respondent's succession to the renewal copyright in Woolrich's short story permits respondent, under the provisions of sections 7 and 24 of the Act, to prevent petitioners from enjoying those rights.

In contrast, the Second Circuit in *Rohauer* held that sections 7 and 24 do *not* limit the copyrights conferred by section 7 on derivative motion pictures. As discussed below, *Rohauer's* interpretation of sections 7 and 24 is consistent with – whereas the Ninth Circuit's interpretation ignores – the governing statutory language.

A. The Statutory Language of Sections 7 and 24 Compels The Result In *Rohauer*, Whereas The Ninth Circuit's Decision in *Abend* Directly Conflicts With The Statutory Language.

Section 7 of the 1909 Act provides:

> "Compilations or abridgments, adaptations, arrangements, dramatizations, translations or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright in such works, or works republished with new matter, shall be regarded as new works subject to copyright under the provisions of this title . . . "

This language is plain and direct. It unequivocally confers on derivative works produced with the consent of the owner of a copyrighted underlying work the same status as all other works of authorship, *i.e.*, that of "new works subject to copyright under *the provisions of this title.*" Those "provisions", in turn, include the exclusive rights conferred by section 1 of the 1909 Act to, among other things, distribute and publicly perform (*i.e.*, exhibit) the copyrighted derivative works. 17 U.S.C. §§ 1(a), 1(d). They also include the right to enjoy and exploit these exclusive rights for two consecutive twenty-eight year terms. 17 U.S.C. § 24 ("The copyright secured by this title shall endure for twenty-eight years . . . [plus] . . . a renewal and extension of the copyright . . . for the further term of twenty-eight years . . . ").[16]

By classifying derivative works in section 7 as new works subject to independent copyright under the provisions of "this title" – and then granting *all* copyrights under that "title" two consecutive twenty-eight year terms – Congress clearly intended derivative works to enjoy the same two terms of exclusive rights as are enjoyed by all other copyrighted works. *Rohauer's* construction of sections 7 and 24 gives effect to this unmistakable Congressional intent by permitting the creator of a copyrighted derivative work to exploit the work throughout its entire original and renewal copyright terms, unencumbered by potential copyright infringement claims by the owner of the separate renewal copyright in an underlying work whose author expressly consents to such exploitation, and then dies, before the underlying work's renewal term.

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[16] The 1976 Act extended these two consecutive copyright terms for an additional 19 years for all works which were in their initial or renewal copyright terms as of January 1, 1978. 17 U.S.C. §§ 304 (a) and (b).

In contrast, *Abend's* interpretation of sections 7 and 24 utterly defeats Congress' intent that such derivative works enjoy the same two consecutive twenty-eight year copyright terms as enjoyed by all other copyrighted works. For, under the Ninth Circuit's statutory construction, the two consecutive terms of exclusive rights granted to the creator of a copyrighted derivative work will be prematurely extinguished upon expiration of the original copyright term in any underlying work whose author dies before the end of that original term.[17]

The pernicious consequences of the Ninth Circuit's erroneous statutory interpretation are graphically illustrated by the result below. Under the Ninth Circuit's construction, the copyright term for petitioners' 1954 motion picture, which otherwise would not have lapsed until 2010, came to an abrupt halt in 1970 upon expiration of the short story's original copyright term shortly after Woolrich's death. Instead of two consecutive twenty-eight year copyright terms, petitioners' motion picture received, according to the Ninth Circuit, only a *sixteen year* copyright term, a result directly at odds with the plain language of sections 7 and 24. It is no wonder that the commentators have described the statutory interpretation accepted by the Ninth Circuit as "perverse,[18] "anomalous,"[19] "odd and peculiar"[20] and "an anachronism"[21] that "does not make sense."[22]

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[17] Under the *Abend* ruling, the term of the derivative work's exclusive rights will revive upon expiration of the twenty-eight year renewal term in the underlying work. But this will provide little solace to the derivative copyright owner, who by that time will have lost *twenty-eight years* from the life of the exclusive rights in his derivative work.

[18] B. Kaplan, *An Unhurried View of Copyright* 112 (1969).

[19] Note, *Renewal Rights, A Statutory Anachronism*, 10 W. Reserve L. Rev. 263, 272 (1959).

[20] S. Spring, *Risks & Rights* 95 (1956).

[21] Kupferman, *Renewal of Copyright – Section 23 of the Copyright Act of 1909*, 44 Colum. L. Rev. 712, 724 (1944).

[22] *Abend v. MCA*, Copyright L. J., Feb. 1989, at 14, 16, 17.

The Ninth Circuit attempts to justify its disregard of the statute's clear language on the grounds that "the traditional copyright rule provides that a derivative copyright protects only the 'new matter' contained in the derivative work, not the 'old matter'." (Pet. App. 26 n. 14).[23] The Ninth Circuit's reliance on this traditional rule misses the mark. The issue here is not whether the derivative work's copyright "protects" – and hence extends the copyright monopoly in – the old matter incorporated into the derivative work. Rather, the issue is whether the copyright in a derivative work created with the consent of an underlying work's author grants the derivative work owner the right to continue to employ the old matter integrated into his derivative work for the derivative work's full original and renewal copyright terms. The rule that a derivative copyright does not *protect* old matter simply has no relevance to the issue whether the derivative work owner may continue to *use* the old matter incorporated in his work for the full duration of its two consecutive copyright terms.[24]

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[23] This traditional rule, codified in sections 3 and 7 of the 1909 Act (and in section 103(b) of the 1976 Act), prevents a derivative work from extending copyright protection for "old matter" beyond the limited period of the underlying work's initial and renewal copyright terms. *See* 1 M. & D. Nimmer, *Nimmer on Copyright* ("*Nimmer*"), § 3.04 (1988).

[24] A derivative work owner may not, of course, use – or allow others to use – his derivative work in a manner inconsistent with the terms of his license from the underlying work's author. *See, e.g., Filmvideo Releasing Corp. v. Hastings*, 668 F.2d 91, 93 (2d Cir. 1981); *Russell v. Price*, 612 F.2d 1123, 1127-28 (9th Cir. 1979), *cert. denied*, 446 U.S. 952 (1980); *G. Ricordi & Co. v. Paramount Pictures, Inc.*, 189 F.2d 469, 472 (2d Cir.), *cert. denied*, 342 U.S. 849 (1951). But petitioners' distribution of "REAR WINDOW" during the short story's renewal copyright term was not at all inconsistent with the license granted by Woolrich. Indeed, Woolrich expressly *consented* to distribution of petitioners' motion picture during his short story's renewal copyright term.

B. The Second Proviso Of Section 24 Does Not Support The Ninth Circuit's Construction Of The 1909 Act.

The Ninth Circuit rests its erroneous holding entirely on the second proviso of section 24. (See Pet. App. 18-25).[25] According to the Ninth Circuit, this statutory language not only vested the short story's renewal copyright in Woolrich's executor upon Woolrich's death (see note 13, *supra*), but also extinguished petitioners' rights to continue distributing and exhibiting their separately copyrighted motion picture during the story's renewal copyright term. As a result, holds the Ninth Circuit, respondent now owns, as the assignee of the renewal copyright in the story, an absolute right under section 24 either to veto the continued distribution and exhibition of petitioners' independently copyrighted motion picture, or to recover a judgment awarding him a substantial portion of the motion picture's revenues. (Pet. App. 18-25, 36). This holding is unsupported by the statutory language.

Section 24 – when read together with section 7's bestowal of independent copyright status on derivative works – clearly grants both to underlying works and to derivative works the rights to the same consecutive original and renewal copyright terms. The language of section 24 does not discriminate between such works in any way. It does not subordinate the original or renewal copyright term in *any* work to that of another, much less grant to an

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[25] The second proviso of section 24 reads as follows:

> "The copyright secured by this title shall endure for twenty-eight years from the date of first publication . . . *provided further* . . . that . . . the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower, or children be not living, then the author's executors, or in the absence of a will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years . . . " (emphasis in original).

underlying work's renewal copyright owner the right to veto – or share in the revenues from – continued exploitation of independently copyrighted derivative works. Indeed, section 24 does not even *discuss* the relationship between underlying and derivative works. It does no more than define the length of the original copyright term and then create a statutory "hierarchy of people" who may renew the copyright at the end of its original term. *See Miller Music Corp. v. Charles N. Daniels, Inc.*, 362 U.S. at 376. There is thus simply no basis in the language of section 24 for relegating the copyright term for a derivative work, created and distributed in conformance with the express consent of the underlying work's author, to second class status.

II.

ROHAUER'S STATUTORY CONSTRUCTION PROMOTES THE POLICIES OF THE 1909 ACT, WHEREAS *ABEND'S* INTERPRETATION OF THE STATUTE DEFEATS THOSE POLICIES

It is axiomatic that courts must construe the 1909 Act in a manner consistent with its basic policies. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975); *see also Richards v. United States*, 369 U.S. 1, 11 (1962) ("in fulfilling our responsibility in interpreting legislation 'we must . . . look to the provisions of the whole law, and to its object and policy'" (citations omitted)). These policies, which stem from the Constitutional mandate that the purpose of federal copyright laws shall be "to Promote the Progress of Science and useful Arts" (U.S. Const., Art. I, § 8), have been succinctly summarized by this Court as follows:

> "The limited scope of the copyright holder's statutory monopoly, like the limited copyright duration required by the Constitution, reflects a balance of competing claims upon the public interest: Creative work is to be encouraged and rewarded, but private motivation must ultimately serve the cause of promoting broad public availability of literature, music, and the other arts. The immediate effect of our copyright law is to secure a fair return for an

> 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good."
>
> *Aiken*, 422 U.S. at 156. (citations and footnotes omitted).

As discussed below, the construction of the 1909 Act adopted by *Rohauer* promotes these important policies, whereas *Abend's* interpretation of the statute defeats them.

A. *Rohauer's* Statutory Construction Promotes – Whereas *Abend's* Construction Defeats – The Copyright Act's Fundamental Policy Of Insuring Broad Public Availability Of Copyrighted Works

The construction of the 1909 Act adopted by *Rohauer* permitted derivative work copyright owners to distribute their works to the public throughout their entire original and renewal copyright terms without interference by the statutory successors to renewal copyrights in underlying works. Free from the threat of infringement suits by such statutory successors, derivative motion picture copyright owners were encouraged by this statutory interpretation to continue making their derivative motion pictures available for viewing by the public. The end result was greater access by the public to these ever popular works, thereby satisfying one of the primary goals of the copyright law.

In contrast, *Abend's* statutory construction, if adopted by this Court, would have a directly opposite effect. Faced with the risk of lawsuits – which the result in *Abend* sanctions – for distributing derivative motion pictures based on underlying works whose authors died before their renewal copyright terms, *amici* and other motion picture copyright owners would be forced to withdraw such derivative motion pictures from distribution to avoid continuing liability for copyright infringement.[26] This inevitable result would deprive

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[26] One commentator aptly calls this forced withdrawal from the marketplace of derivative motion pictures "copyright death." Nevins, *Rx for Copyright Death*, 1977 Wash. U.L.Q. 601.

the public of access to hundreds of derivative motion pictures – many of which are American film classics (*see* Background Facts, §A and note 11, *supra*) – and thus would frustrate the policy of the copyright law to encourage "broad public availability" of copyrighted works. *See Aiken*, 422 U.S. at 156; *Mills Music*, 469 U.S. at 176-77; *see also id.* at 186-87 (White, J., dissenting).[27]

The Ninth Circuit's opinion appears to recognize that a statutory construction with such an effect would be directly at odds with the policies underlying the copyright law. (*See* Pet. App. 27 n.15, 33). It concludes, however, that its interpretation of the copyright statute in this case will *not* force distributors to withdraw derivative motion pictures from the marketplace, reasoning that the motion picture copyright owner and the underlying work's renewal copyright owner will "likely" reach an economic accommodation permitting the motion picture owner to continue exploiting his work. (Pet. App. 27 n.15). This unsupported conclusion is mistaken for two reasons.

First, the Ninth Circuit ignores the fact that motion pictures frequently incorporate a great variety of copyrighted works in addition to novels or short stories. Often musical compositions, sound recordings, paintings, sculpture, photographs, famous characters from literature

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[27] Ironically, only American motion picture audiences would be likely to be deprived under the *Abend* rule of continuing access to these American films. The United States Copyright law (including its renewal provisions) has no extraterritorial effect. 3 *Nimmer*, §17.10[B][2]. Accordingly, a contractual promise by an underlying work's author permitting distribution of a derivative motion picture during the underlying work's renewal term would be enforceable in foreign countries even if the author were to die before the renewal term. *Id.* Thus, if *Abend* is allowed to stand, the owner of such a derivative motion picture will likely be allowed to continue distributing his picture during the underlying work's renewal term everywhere except in America. *Id.*

and cartoons and many other copyrighted works are incorporated into a motion picture. *See, e.g., Cohen v. Paramount Pictures Corp.*, 845 F.2d 851 (9th Cir. 1988) (musical composition incorporated in motion picture); note 4, *supra*. Indeed, it is not at all unusual for a motion picture (especially one whose soundtrack contains several copyrighted musical compositions) to incorporate as many as ten or more pre-existing copyrighted works. An inability to identify and locate the statutory successor to the renewal copyright in even one of these underlying works would subject the motion picture owner to the same risk of copyright infringement liability as that faced by petitioners here.[28] Given the large number of underlying works, the lapse of time and the vagaries of private bequests and intestacy, it is virtually certain that motion picture copyright owners will be unable to find statutory successors to the renewal copyrights in one or more of these underlying works at the end of their respective initial copyright terms. To avoid copyright liability to these anonymous successors, the motion picture copyright owner will have no reasonable choice but to withdraw his derivative motion picture from distribution. *See Cohen, supra.*[29]

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[28] *See* Nevins, *supra* note 26, at 607 n.40.

[29] As *Rohauer* recognized, there is nothing the derivative work owner can effectively do to protect himself *in advance* of the underlying work's renewal term against such "copyright death," because there is no way of telling who will qualify as the statutory successor to the underlying work's renewal copyright until the renewal term commences. *Rohauer*, 551 F.2d at 493; Bricker, *Renewal and Extension of Copyright*, 29 S. Cal. L. Rev. 23, 33 (1955). The Ninth Circuit's interpretation of the copyright statute's renewal provisions (as embodied in both section 24 of the 1909 Act and section 304 (a) of the 1976 Act) thus builds a substantial amount of uncertainty into the statute. This result is directly at odds with Congress' "paramount goal" in passing the 1976 Act, namely "enhancing predictability and certainty of copyright ownership." *Community For Creative Non-Violence v. Reid*, 109 S.Ct. 2166, 2177 (1989).

Second, despite the Ninth Circuit's optimism, it simply cannot be safely predicted that the statutory successors to the renewal rights in the underlying works on which a motion picture is based will "likely" reach an economic accommodation with the motion picture copyright owner for the continued exploitation of the motion picture. Some owners of underlying work renewal copyrights may refuse to negotiate, preferring instead to retire their copyrighted works, and all derivative works based thereon, from public use.[30] Others may make demands – like respondent's demand for 50% of petitioners' future gross proceeds in excess of advertising expenses (Petition 20) – which are so exorbitant that a negotiated economic accommodation will be impossible. In either case, to avoid copyright infringement liability, the derivative motion picture copyright owner will be forced to withdraw his film from distribution until the underlying work's renewal copyright expires.[31] Reversal of *Abend* is necessary to avoid such a calamitous result.[32]

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[30] *See, e.g., Fox Film Corporation v. Doyal*, 286 U.S. 123, 127 (1932) ("The owner of the copyright, if he pleases, may refrain from vending or licensing and content himself with simply exercising the right to exclude others from using his property").

[31] The Ninth Circuit's suggestion that continued distribution of such motion pictures will not necessarily be *enjoined* (Pet. App. 31-36) is no solution to this dilemma. The *in terrorem* effect of potentially huge awards of damages, profits and attorneys fees (17 U.S.C. §§ 503, 505) will force the withdrawal of these films from distribution as surely as will an injunction.

[32] Motion pictures are not the only works whose continued distribution will be affected by the Ninth Circuit's opinion. While motion pictures are virtually always derivative, and thus particularly susceptible to "copyright death" (see note 26, *supra*), they are hardly the only works which would be put at risk if the Ninth Circuit's opinion stands. Copyrighted plays adapted from copyrighted novels, copyrighted educational

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B. *Rohauer's* Statutory Construction Promotes – Whereas *Abend's* Construction Defeats – The Copyright Act's Important Policy Of Stimulating Artistic Creativity.

In section 7, Congress promoted the copyright law's policy of stimulating creative efforts by encouraging the use of existing copyrighted works, with the consent of their owners, in the creation of new works. In so doing, Congress provided a mechanism by which the public storehouse of creative works could be built upon and expanded for the public good.

The Ninth Circuit's interpretation of the 1909 Act seriously impinges on this salutary policy goal by building into the Act a distinct disincentive to the creation of derivative works.[33] For, a motion picture producer would rarely, if ever, choose to produce a motion picture based on a copyrighted underlying work if his right to distribute that motion picture during its full original and renewal copyright terms could be snuffed out prematurely by the death of the author of the underlying work before commencement of the underlying work's renewal term. Indeed, in this case, if Alfred Hitchcock

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texts which incorporate copyrighted articles and essays, copyrighted sound recordings of copyrighted musical compositions, and copyrighted computer programs adapted from pre-existing copyrighted software, to name just a few examples, would be equally susceptible to just this sort of "copyright death." Reversal of the Ninth Circuit's opinion is thus vital for the protection and public enjoyment of a wide array of copyrighted derivative works in addition to motion pictures. *See, e.g., Mills Music*, 469 U.S. at 158 (one 1923 song licensed over 400 times to record companies to prepare derivative works).

[33] As noted above, future derivative works based on underlying works that were in their initial copyright term as of January 1, 1978 will also be governed by the Court's interpretation of the 1909 Act in this case. See note 12, *supra*.

had known that his right to distribute and exhibit "REAR WINDOW" might terminate after only sixteen years were Woolrich to die before the renewal term in the short story, he might never have made the motion picture; and, the public would have been deprived of the unique blend of talents of Hitchcock, James Stewart and Grace Kelly which the motion picture represents.

In sum, the Ninth Circuit's interpretation of the 1909 Act, which so demonstrably discourages the use of existing works in the creation of new works, is directly contrary to the obvious purpose of section 7 and to the copyright law's underlying policy of encouraging the creation of new artistic works. It was hence properly rejected by *Rohauer*, and should be rejected by this Court.

C. *Rohauer's* Statutory Construction Promotes – Whereas *Abend's* Construction Defeats – The Copyright Act's Policy Of Rewarding Authors For Their Creative Efforts.

By encouraging the use of existing copyrighted works in the creation of derivative works, *Rohauer's* interpretation of the 1909 Act not only promoted the Act's policy of stimulating creativity, it also increased an author's chances of reaping continuing financial rewards from his creative work during his lifetime. Under *Rohauer*, motion picture producers were willing to and did, purchase rights to produce derivative motion pictures based on existing works – even works whose initial copyright terms had but a few years remaining and whose authors, by reason of age or ill-health, stood a substantial risk of dying before the end of that initial term. This practice not only promoted the Copyright Act's policy of rewarding authors of copyrighted works for their creative efforts, but it also made these rewards possible at a time when the authors had the greatest need for this supplemental income.

In contrast, *Abend's* statutory interpretation, if allowed to stand, would deprive the author of a copyrighted work of the opportunities to achieve these additional financial rewards for his creative labors during his work's initial copyright term. For, as noted above (§II.B., *supra*), a motion picture producer will be unlikely to purchase the right to produce a motion picture based on an existing work – particularly one near the end of its initial copyright term – if the producer's right to distribute that motion picture during its full original and renewal copyright terms could be extinguished by the death of the existing work's author before the end of its initial copyright term. This negative economic impact on authors of copyrighted works, which is so at odds with the Copyright Act's policy of rewarding authors for their creative work, further substantially undermines the Ninth Circuit's interpretation of the 1909 Act.

III.

THIS COURT'S DECISION IN *MILLER MUSIC CORP. V. CHARLES N. DANIELS, INC.* DOES NOT SUPPORT THE NINTH CIRCUIT'S INTERPRETATION OF THE 1909 ACT

Despite the complete absence of any statutory language or underlying policy considerations supporting *Abend's* contruction of the 1909 Act, the Ninth Circuit asserts that this Court's decision in *Miller Music Corp. v. Charles N. Daniels, Inc., supra*, provides authority for its statutory interpretation. In *Miller Music*, the Court held that an author's transfer of ownership of the renewal copyright in his work is unenforceable against the statutory successors to the renewal copyright if the author dies before commencement of the renewal term. 362 U.S. at 375-78.[34] Under the Ninth Circuit's reading of *Miller*

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[34] In so ruling, the Court explained that the language of section 24 makes the author's renewal right contingent upon

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Music, however, the contingent nature of an author's renewal copyright not only renders unenforceable the author's *contractual* transfer of the renewal copyright if he dies before renewal, but also nullifies section 7's *statutory* grant of a separate and independent copyright to derivative works produced with the author's consent during the underlying work's original term. This reading of *Miller Music* is erroneous.

Miller Music involved a dispute over ownership of the renewal copyright in a song whose author died before commencement of the renewal term. Plaintiff claimed to own the renewal copyright by virtue of an assignment executed in its favor by the song's author. Defendant claimed ownership under an assignment executed by the persons designated by section 24's second proviso as the statutory successors to the renewal copyright upon the author's death. The case did *not*, however, involve either a derivative work or an interpretation of section 7. Thus, as *Rohauer* properly observed in distinguishing *Miller Music*, the Court in *Miller Music* merely addressed "the relative rights of persons claiming full assignment . . . of the renewal term" of a *single* copyrighted work. *Rohauer*, 551 F.2d at 490.

In contrast here, as in *Rohauer*, two separately copyrighted works, each capable of being renewed under section 24, are involved. As Judge Thompson's dissent explains, this distinction "is an important one." (Pet. App. 45). Where, as here, two valid and separately owned copyrights are involved, the Court must determine whether the statutory rights of one copyright owner are subordinate to the statutory rights of the other. But where

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his surviving to the time for renewal. 362 U.S. at 375-78. If the author dies before the time for renewal, the contingency does not occur and, therefore, the renewal right vests in the author's statutory successors rather than in the author or his assignee. *Id.*

only one copyright is involved – as was the case in *Miller Music* – the primacy of competing statutory rights is not in issue; the Court's only concern is who owns the statutory rights in the single work in dispute. *Id.; see also Rohauer,* 551 F.2d at 490.[35]

Because neither competing copyrights nor an interpretation of section 7 was involved in *Miller Music,* it is clear that *Miller Music* did not resolve – indeed it could not have resolved – the question whether an author's death before the renewal term in his copyrighted underlying work voids, during that entire twenty-eight year renewal term, all of the rights granted by sections 7 and 24 to the creator of an independently copyrighted derivative work. Accordingly, *Miller Music* provides no support for the Ninth Circuit's erroneous interpretation of sections 7 and 24.

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[35] The Ninth Circuit found this distinction "unconvincing" (Pet. App. 22), reasoning that if an author's death before his work's renewal term renders a transfer of the full renewal rights unenforceable, it must also render unenforceable "an assignment of part of the rights in the underlying work, the right to produce a movie version" during the underlying work's renewal term. (Pet. App. 24-25). This reasoning betrays a fundamental misunderstanding of the issue in this case. The issue is not whether Woolrich's death renders unenforceable his contractual permission *to produce* a movie version of his story during its renewal term. Rather, the issue is whether Woolrich's death before the story's renewal term nullifies section 7's statutory grant of full and independent copyright status (which includes the rights to two consecutive twenty-eight year terms) to the derivative motion picture. The rule that an author's death before renewal terminates his assignee's *contractual* right to produce new derivative works during the renewal term simply has no relevance to the issue whether the author's death before renewal nullifies section 7's *statutory* grant of rights to derivative works that are both created with the author's consent during the original term and distributed thereafter in strict conformance with the terms of that consent.

IV.

THE LEGISLATIVE HISTORY OF SECTION 24 DOES NOT SUPPORT THE NINTH CIRCUIT'S PURPORTED CONSTRUCTION OF THAT SECTION

Unable to find any support for its interpretation of sections 7 and 24 in the statutory language, the Ninth Circuit purports to rely on legislative history. (Pet. App. 25, 28-29). The Ninth Circuit first observes that this history demonstrates that Congress intended section 24 to grant an author only a contingent interest in the renewal copyright in his work, which does not vest in the author unless he survives to the renewal term. (Pet. App. 25). This observation, although accurate, is irrelevant. For, the issue here is not whether an author's renewal right is contingent; rather, the issue is whether the vesting of this contingent right in the author's statutory successors upon his death nullifies the *separate* copyright granted by section 7 to derivative works created with the author's consent during the initial copyright term. Nothing in the legislative history suggests that the contingent nature of an author's right to renew his copyright in an underlying work also renders contingent the rights of a derivative work owner to enjoy his *separate* copyright for its full original and renewal terms.[36]

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[36] Similarly unavailing is the Ninth Circuit's attempt to rely on section 24's treatment of composite works. The Ninth Circuit states that section 24 "exempted" composite works from the contingent "aspect" of the renewal provisions of the statute, but "did not include a similar exemption for derivative works." (Pet. App. 25). This analysis is erroneous. Section 24 neither contains such an "exemption" nor treats composite works differently from derivative works.

A composite work typically is a work consisting of a collection of individual contributions by several different authors. *See* 2

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The Ninth Circuit next observes that the legislative history of section 24 demonstrates that Congress intended section 24 to grant an author's statutory successors a "second chance" to exploit during its renewal term a copyrighted work which has remained popular, and hence economically successful, beyond its initial

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Nimmer, § 9.03[B] at 9-33. These contributions are of two types: (i) previously *un*published – and, hence, *un*copyrighted – material (*see* 17 U.S.C. § 10) and (ii) previously published, copyrighted material. (*Id.*) Under the first proviso of section 24, the proprietor (*i.e.*, owner) of the copyright in a composite work which contains only previously unpublished, uncopyrighted contributions owns the renewal copyright in *all* of the contents of the composite work, including each individual contribution contained therein. 17 U.S.C. § 24 (first proviso); 2 *Nimmer*, § 9.03[B] at 9-36. Although the Ninth Circuit apparently views this first proviso as an "exemption," it fails to understand that where a composite work consists entirely of previously *un*copyrighted material, competing copyrights are not involved, and there is thus no need to "exempt" the composite work copyright owner from anything. (The law regarding derivative works based on previously *un*copyrighted underlying works is the same. *See* 1 *Nimmer*, § 3.07[C] at 3-36-3-38). In contrast, if an individual contribution to a composite work was first published and copyrighted by its author *before* its inclusion in the composite work, only the author (or his statutory successors) – not the composite work proprietor – may renew the copyright in that individual contribution. 17 U.S.C. § 24 (second proviso); 2 *Nimmer*, § 9.03[B] at 9-36. In such a case, as in the instant litigation, competing renewal copyrights *are* involved; the so-called "exemption" contained in sections 24's first proviso does not apply (nor, in light of the clear language of section 7, is such an "exemption" needed); and, the composite work is therefore treated in the same manner as a derivative work (*see, e.g.*, 17 U.S.C. § 7). There is thus no basis for the Ninth Circuit's conclusion that Congress treated composite works incorporating previously copyrighted works differently than it treated derivative works, much less for the Ninth Circuit's conclusion that Congress' treatment of composite works supports its erroneous statutory construction.

twenty-eight year copyright term. (Pet. App. 28). The Ninth Circuit then erroneously concludes that Congress' bestowal of this "second chance" on the statutory successors not only terminates a deceased author's outright transfer of the renewal copyright in his underlying work, but also terminates the right of a derivative work owner to exploit, after the underlying work author's death, his separately copyrighted derivative work for its full original and renewal copyright terms. *Id.*

The fallacy in the Ninth Circuit's reasoning is that it confuses the right of an author's statutory successors to exploit his underlying work after its renewal with the right of the derivative work owner to exploit his independently created and separately copyrighted work. As the legislative history makes clear, respondent, as the assignee of Woolrich's statutory successor, unquestionably has the right to exploit (by sale or further licensing) Woolrich's *short story*. He also has the right to produce – or to grant others the right to produce – *new* derivative motion pictures based on the story. This is the "second chance" guaranteed by section 24. But this is not what respondent seeks in this lawsuit. Rather, he seeks to use his renewal copyright in the short story to control, through the threat of an injunction and a disproportionately large damage award, the exploitation of petitioners' *existing* motion picture – a separately copyrighted work which represents an investment of countless hours and millions of dollars by its creators, and in which neither Woolrich nor his executor nor respondent risked one penny. There is nothing in the legislative history of section 24, however, that indicates that Congress intended to grant a veto power over a copyrighted derivative work to the statutory successors to an underlying work's renewal copyright. Indeed, the Ninth Circuit does not cite any legislative history which even mentions this

issue. The Ninth Circuit's reliance on legislative history thus fails to support its interpretation of section 24.[37]

CONCLUSION

For all of the foregoing reasons, *amici* respectfully submit that the Ninth Circuit's judgment and opinion in *Abend* should be reversed.

DATED: November 16, 1989.

Respectfully submitted,

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[37] Nor is there any merit in the Ninth Circuit's attempt to rely on Congress' "awareness" of the so-called "prevailing view" of the 1909 Act that supposedly existed when Congress enacted the 1976 Act. (Pet. App. 30-31). As noted above (see note 9, *supra*), this "view" was the subject of strong debate in 1976, and no court prior to *Abend* ever adopted it. Moreover, even if, as *Abend* suggests, Congress in 1976 had purported to construe the 1909 Act in accordance with this "view" (the 1976 Congress did no such thing – see Br. for Pet. at 38-39), its attempt to do so would be of no consequence. *See U.S. v. Southwestern Cable Co.*, 392 U.S. 157, 170 (1968) ("the views of one Congress as to the construction of a statute adopted many years before by another Congress have very little, if any, significance").

Supreme Court, U.S.
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No. 88-2102

In The

Supreme Court of the United States

October Term, 1989

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED H. HITCHCOCK, MCA INC., and UNIVERSAL FILM EXCHANGES, INC.

Petitioner,

vs.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY,

Respondent.

RESPONDENT'S RESPONSE TO MOTION FOR LEAVE TO FILE *AMICUS CURIAE* BRIEF, SUBMITTED BY COLUMBIA PICTURES INDUSTRIES, INC., MGM/UA COMMUNICATIONS CO., ORION PICTURES CORPORATION, PARAMOUNT PICTURES CORPORATION, TURNER ENTERTAINMENT CO., TWENTIETH CENTURY FOX FILM CORPORATION, AND WARNER BROS. INC.

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November 1989

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Respondent Sheldon Abend submits this Response to the Motion for leave to file an *amicus curiae* brief, submitted by Columbia Pictures Industries MGM/UA Communications Co., Orion Pictures Corporation, Paramount Pictures Corporation, Turner Entertainment Co., Twentieth Century Fox Film Corporation and Warner Bros., Inc.

The proposed *amici* are, like petitioner MCA, Inc., companies engaged in the production and distribution of motion pictures. In fact, petitioner MCA, Inc.'s subsidiary, Universal City Studios, Inc., and the proposed *amici* are members of the same trade organization, the Motion Picture Association of America.[1] The proposed *amici* are simply in the identical position as petitioner MCA, Inc., with respect to the issues in this case. These motion picture companies have nevertheless already filed an *amicus curiae* brief before the Ninth Circuit Court of Appeals in this matter, and also filed an *amicus curiae* brief in support of the petition for certiorari.

When the proposed *amici* asked respondent to consent to their filing of a third brief, respondent requested that they describe the "facts or questions of law that have not been, or reasons for believing that they will not

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[1] Moreover, counsel for the proposed *amici* has also represented petitioner MCA, Inc. and its subsidiaries. *See, e.g., Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984); *CM Record Corp. v. MCA Records, Inc.* 168 Cal. App. 3d 965, 214 Cal. Rptr. 409 (1985); *Lugosi v. Universal Pictures*, 25 Cal.3d 813, 160 Cal.Rptr. 323, 603 P.2d 425 (1979); *MCA Records Inc. v. Newton-John*, 90 Cal. App. 3d 18, 153 Cal.Rptr. 153 (1979); *MCA, Inc. v. Universal Diversified Enterprises Corp.*, 27 Cal. App. 3d 170, 103 Cal.Rptr. 522 (1972).

adequately be, presented by" petitioner MCA, Inc. *See* Rule 36.3, Supreme Court Rules. The proposed *amici* suggested that the page limitation applicable to MCA, Inc.'s brief would prevent MCA, Inc., from fully discussing "policy considerations." The proposed *amici* declined to elaborate or to identify these "policy considerations." Respondent then withheld his consent because it appeared that an *amicus* brief by others in the identical situation as petitioner MCA, Inc., would not meet the standard of Rule 36, would not otherwise aid the Court, and would instead simply be used to circumvent the page limitations applicable to briefs and thereby increase the burden upon the Court and respondent.

Now, the Motion to file the *amicus* brief makes no better showing than that offered when the proposed *amici* sought respondent's consent. For instance, the Motion recites that the proposed *amici* possess "experience in producing, financing, distributing, and copyrighting motion pictures, . . . " [Motion at p. (iii)], but petitioner MCA, Inc., is in the identical business and has that exact same experience. And although the Motion also indicates that an *amicus* brief will allow these motion picture studios to make arguments that petitioners would not be able to make because of the page limitation, [See Motion at p. (iv), n.4], the proposed *amici* once again fail to identify these "policy considerations."

The Motion thus falls short of the requirements of Rule 36. It appears instead that the proposed *amicus* brief is simply an attempt to say twice what petitioners have already said in their own brief. Respondent therefore suggests that unless the Court determines that its task

will be aided by a brief from the other major motion picture studios, the Motion should be denied.

Dated: November 29, 1989

Respectfully submitted,

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No. 88-2102

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1988

JAMES STEWART, PATRICIA HITCHCOCK O'CONNELL and SAMUEL TAYLOR, both as co-trustees of the Second Residuary Trust of the Last Will of ALFRED J. HITCHCOCK, MCA, INC. and UNIVERSAL FILM EXCHANGES, INC.

Petitioners,

v.

SHELDON ABEND, dba AUTHORS RESEARCH COMPANY

Respondent.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF OF THE COMMITTE FOR LITERARY PROPERTY STUDIES, AS AMICUS CURIAE, IN SUPPORT OF THE RESPONDENT

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No. 88-2102

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM , 1988

JAMES STEWART, et al.,

Petitioners,

v.

SHELDON ABEND, dba
AUTHORS RESEARCH COMPANY,

Respondent.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF OF THE COMMITTEE FOR LITERARY PROPERTY STUDIES, AS AMICUS CURIAE, IN SUPPORT OF THE RESPONDENT

INTEREST OF AMICUS CURIAE

This brief is filed with the consent of the parties.

The Committee for Literary Property Studies ("Committee") is concerned with the protection of authors' rights. Its

activities include the analysis of copyright problems, recommendation of solutions, and filing of amicus curiae briefs on basic issue affecting protection of authors' rights under the Copyright Act, such as the one this appeal raises.

The Committee consists of authors John Hersey, Justin Kaplan and Frank Gilroy, former Register of Copyrights Barbara Ringer, law professors Robert Drinan and John Kernochan, literary agents Georges Borchardt and Perry Knowlton and copyright attorneys Harriet Pilpel and Irwin Karp.

This appeal has grave consequences for heirs of authors of books, plays and stories adapted as motion pictures. The Committee believes its discussion of those consequences may be of use to the Court, and therefore submits this brief.

INTRODUCTORY STATEMENT

This appeal involves motion pictures prepared as derivative works from books, short stories or other "underlying works", copyrighted prior to 1978, that were still in their first term of copyright when the authors signed agreements granting rights (including a grant for the renewal term) to make the film versions. Here, the underlying work is Cornell Woolrich's story REAR WINDOW, the derivative film version is Alfred Hitchcock's REAR WINDOW.

The primary issue is whether copyrights in such underlying works are infringed by uses of the derivative films during the renewal term of those copyrights, if the authors died before the year when their copyrights could be renewed. The Ninth and Second Circuits have given conflicting answers.

The Ninth Circuit, in the decision

appealed from, held that under section 24 of the 1909 Copyright Act (now section 304(a)) such underlying copyrights were infringed by continued uses of the derivative films without consent of the renewal-term owners of the underlying copyrights. Abend v. MCA, Inc. 863 F.2d 1645 (1989).

The Second Circuit earlier held that under section 7 of the 1909 Act (now section 103), such continued uses of the derivative films do not infringe copyrights in the underlying works, even though section 24 provides that authors' prospective grants of motion picture rights for the future renewal term are not effective unless the authors live to the year in which those copyrights can be renewed. Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir. 1977), cert. denied, 431 U.S. 949 (1977)

SUMMARY OF ARGUMENT

(i) Applying Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960), the court below correctly held the purported grant of motion picture rights for the renewal term of copyright in Woolrich's story was ineffective because he did not live to the year when it had to be renewed, and that under section 24 his executor secured the renewal term of the copyright free and clear of the purported assignment. Consequently, continued theater, TV, cable and video cassette uses of the film infringed the story's copyright during its renewal term.

We submit that prior decisions relied on by the Ninth Circuit support its rejection of Rohauer's "new property" theory. It is well established that the copyright in a derivative-work motion picture, under

section 7, only protects the contributions of the film's creator, and not material from the underlying work.

The decision below effectively refuted the Second Circuit's widely-criticized theory that even though an author did not live to the renewal period of the copyright in his/her underlying book or story, a contract provision for the grant of those rights (which never took effect, since he did not live to secure them by renewal) was nonetheless "consent" that allows owners of the derivative film to continue using material from the underlying story or book without consent of the author's spouse, children, or executor, to whom section 24 granted the renewal term of the copyright in them, as a separate property, clear of any agreecents made by the author before the renewal term. As the court below demonstrates, a grant clause for the renewal rights that never

took effect because of section 24 is no more a "consent" that allows the derivative-works use in the renewal term than no grant for the renewal term, or than a grant of rights to make and use a derivative work for 10 years of the first term.

The decision below properly rejected the defense of fair use. Concededly, a very substantial portion of the Woolrich story was used in the film for commerical purposes. And aside from the potential adverse market effect on the underlying work, the film has generated very substantial profits attributable in part to its incorporation of substantial amounts of material from the Woolrich story.

This brief does not argue these points any further, since we believe that the Ninth Circuit's thorough and compelling analysis, the Respondent's brief, and Professor Nimmer's incisive critique of

Rohauer (1 NIMMER ON COPYRIGHT (1989) § 3.07[A], at 3-23 to 3-32) clearly establish that the Ninth Circuit correctly interpreted and applied sections 24 and 7 of the Copyright Act.

(ii) We also submit that the Ninth Circuit ruling, which confirms the prevailing view for 40 years before Rohauer, serves the Congressional purpose of the 1090 Act's renewal section, and produces far more equitable results than the Second Circuit's Rohauer ruling. Our brief addresses this points.

ARGUMENT

THE EFFECTS AND EQUITABLE CONSEQUENCES OF THE NINTH AND SECOND CIRCUIT RULINGS

The Second Circuit ruling reflected that panel's concern for the effect on motion picture companies when section 24 precluded effective grants of renewal-term

motion picture rights in underlying works whose authors died too soon. But such a concern -- as this Court said in Miller Music -- is a matter for Congress", and not for a judicial amendment of sections 24 and 7.

In our view, the decision below, by following rather than ignoring Miller Music, is far less unjust to film companies than Rohauer is to authors, and it comports with section 24's purpose while Rohauer defeats the purpose.

A. The "Second Chance" Objective of Section 24

i. Margaret Mitchell died, after an automobile accident, on August 16, 1949, long before the year for renewal of her copyright in her novel GONE WITH THE WIND ("GWTW"). Under section 24, her brother, Stephens Mitchell and The Trust Company of Georgia, as co-executors of her will secured the renewal copyright in GWTW, in

July 1963. CATALOG OF COPYRIGTH ENTRIES, 3ad Series, Vol. 12, Part 1, No.2 [Books, etc.], pp. 2209

Because of section 24, and Miller Music, "until a new agreement providing for substantial compensation was made with those beneficiaries entitled to the renewal rights (in the novel), the motion picture "GONE WITH THE WIND" was not exhibited in this country after end of the first term of copyright." Benjamin Melniker and Harvey D. Melniker, "Termination of Transfers and Licenses", XXII New York Law School Law Review (1977) 589, 617 ["the Melniker Article".] Benjamin Melniker had been Vice President, General Counsel and Executive Vice President of Metro Goldwyn Mayer, Inc ("MGM"), the distributor of the motion picture version of GONE WITH THE WIND.

Had the Second Circuit ruling been law in 1963, MGM would not have been

obliged to pay the novel's renewal copyright owners a cent more than the $50,000 the contract provided for Margaret Mitchell's grant of motion picture rights. But, as the Melniker Article makes plain, the "prevailing view" at that time (and until Rohauer) was that Section 24 meant what the Ninth Circuit opinion said it meant. That view, said the article, was: "a derivative work could not be utilized in a renewal term where the author had died during the original term (whether or not the underlying grant showed an intertion to include the renwal term) " (Melniker, n. 117, at 612) .

When Stephens Mitchell renewed the GWTW copyright and when petitioners here acquired motion picture rights in the Woolrich short story, the "prevailing view" was that if Margaret Mitchell, or Woolrich, or any author died in the first

term of their copyright, "derivative works, such as ... a motion picture based on a novel or play, even in cases where renewal rights were in the original grant, could not longer be utilized or shown or exploited during the renewal term." (ibid, at 616.)

The "prevailing view" before Rohauer thus implemented the Congressional purpose in retaining the two-term renewal section in the 1909 Act -- to give authors a "second chance" to benefit from their works, whose future value and success commonly were not known or forseeable when they assigned their rights. The House Report on the 1909 Act said that Congress decided not to replace the renewal system with a life-plus-50 year term because the renewal period was an "advantage" for authors, who frequently sold their copyrights outright "for a comparatively small sum", if the work "proves to be a great

success and lives beyond the (first) term of twenty-eight years." In that event, the House Report said, the author should have the exclusive right "to take the renewal term " and the law "should be framed so he could not be deprived of that right." (House Report No. 2222, 60th Congress, 2d Session.)

As we noted, had the Second Circuit rule applied in 1963, Margaret Mitchell's brother and other heirs would not have been entitled to any compensation during the renewal term for motion picture uses of her novel in theatrical exhibitions, television and cable broadcasts, and videocassettes -- although the derivative film had yielded enormous revenue from both the traditional and new markets. The "prevailing view" of Sec. 24 in 1965 gave Margaret Mitchell's heirs the "second chance" Congress intended them to have

under Sec. 24. As the Melniker article reports, the agreement made with them for continued use of the film during the novel's renewal term provided "substantial consideration" they would not have had under the Second Circuit rule.

ii. The "second chance" which the Ninth Circuit rule gives primarily benefits authors' surviving spouses and children, or: their parents, siblings, nephews, nieces, or other close relatives when renewal is made by their executors. E.g., Miller Music, supra. The interpretation of section 24 the Court adopts here will either give or deny section 24's "second chance" to these usual beneficiaries of the section.

B. Authors Cannot Bargain for the "Second Chance."

When granting motion picture rights in books and plays, few authors were able to limit their grant to the original

copyright term. Most were obliged to also include their prospective renewal rights, as Woolrich did (Melnicker Article, at 606, 613.) The Register of Copyright's 1961 Report on THE GENERAL REVISION OF THE U.S. COPRYIGHT LAW noted that "It has become a common practice for publishers and others to take advance assignments of future renewal rights", at 53. (The Second Circuit ignored this reality when it said, in Rohauer, that authors can limit a derivative-works consent to the first term of their copyrights by inserting that limitation in the contract. They cannot. The purpose of section 24 was to impose that limitation for them, when the author did not live to renew, as Miller Music makes plain.)

Television existed when Woolrich assigned his motion picture rights in 1945, but its potential as a lucrative

film market could not have been foreseen by him, nor by Margaret Mitchell in 1936, nor by Dashiell Hammett in 1930 when he sold the motion picture rights for the MALTESE FALCON for $8,500. None of them could have forseen the windfall profits the film versions of their works would someday earn on television, nor could they foresee the enormous profits film companies would derive from cable-tv, videocassettes, and colorized versions. Thus Woolrich, when he sold motion picture rights to 6 stories (including his REAR WINDOW) in 1945, for $9,250, certainly could not calculate the price with an eye to the $12 million the film REAR WINDOW would earn, in a re-release 23 years after it was produced, from a variety of then non-existent markets including cable-tv and video cassettes (App. 5).

But according to Miller Music,

Section 24 does give authors' families and their heirs, when they secure the renewal term, the second chance to negotiate new agreements that allow them to be compensated for the continued use of the authors' works in films that benefit from markets and sources of income that could not be anticipated when the authors' prospectively granted away their future renewal rights decades before.

C. The Motion Picture Industry Accepted and Lived With The "Prevailing View" For 40 Years

1. The Views of Industry Attorneys

Renewals of copyrights secured under the 1909 Act began in 1937. From then until the 1977 Rohauer decision, the motion picture industry accepted and lived with the "prevailing view", applied in the decision below, that a motion picture company had to obtain permission to con-

tinue exhibiting a film derived from an underlying work during the work's renewal term of copyright, if the author did not live until the renewal year. Industry attorneys clearly stated that the "prevailing view' was required under section 24. The Melniker article's statements to this effect, as noted, speak from its co-author's long experience as general counsel and vice president of MGM, an industry giant in those years; and speaks after the Rohaur decision.

Other movie industry attorneys long agreed that Section 24 means what the Ninth Circuit now has held it means. There is, for example, the 1955 article by Seymour Bricker, Studio Attorney for Universal Pictures Company (aided by its Chief Studio Counsel, Joseph Dubin): RENEWAL AND EXTENSION OF COPRYIGHT, 29 Southern California Law Review 23. In it,

Mr. Bricker said:

(i) The renewal copyright "grants a new estate, clear of all licenses granted under the original copyright (citations ommitted.)" 27-8.

(ii) When a film company buys rights in a novel, it can copyright the motion picture; but if the author dies before the renewal period of his novel's copyright, "the widow and children may renew that copyright and thus deprive the company of any right to release the photoplay during the renewal term of the basic work", at 43.

(iii) Authors frequently assign their copyrights for sums unrelated to the true value of their works should they prove successful. The renewal term "is the law's second chance to the author and his family to profit from his mental labors (citations omitted)", at 27.

2. Movie Industry Practices Confirmed the Prevailing View

From 1937 to 1977, motion picture companies complied with the prevailing view (as stated by leading industry attorneys, supra), and now confirmed by the Ninth Circuit's decision. When authors of underlying books, stories, etc. died before the renewal period of their copyrights, and although they had signed agreements to convey their renewal rights, motion picture companies made new agreements with the renewal owners of the underlying novels and plays, obtaining permission to continue showing countless motion pictures based upon such works.

The amicus curiae brief filed by United Artists Corporation in Rohauer v. Killiam said the company "expends large sums every year in paying for the right to continue exhibition of those motion pictures free of the uncertainty of any

claim, whether or not legally cognizable, which might be made where the motion pictures are based on underlying works in their renewal term." Obviously, other companies also paid for such permission from renewal copyright owners of underlying works.

Moreover, companies discontinued exhibition of such derivative motion pictures when they could not, or did not want to, buy permission from the renewal owners of underlying works.

The movie industry's brief on the petition for certiorari here suggests such new agreements and payments were made, prior to Rohauer, because of uncertainty as to the outcome of potential infringement suits by renewal owners of underlying copyrights. at. p 7.

It is more likely that the companies paid because they accepted and lived with

the prevailing view exemplified in the Melniker and Bricker articles. Motion picture companies were never reluctant to defend their rights under the Copyright Act in court. It is difficult to conceive that for 40 years, during which they paid innumerable renewal term owners of underlying works for new licenses (or ceased distributing many films derived from renewed underlying works), they had any real doubt that section 24 required them to do so where the author of the underlying work died before the renewal period for his copyright in his novel or play.

During the 40 years, if they had any doubt, some major studio could have brought a declaratory judgment action against a renewal owner of an underlying play or book to test the issue raised here. MGM could have brought such an action against the Margaret Mitchell estate. Petitioners could have defended

respondent's 1971 suit over a television broadcast of REAR WINDOW instead of settling it for $25,000. Or a declaratory judgment action could have been brought on a lesser film where the financial consequences of losing would have been minimal.

But prior to 1977 the motion picture industry never challenged the "prevailing view", plainly stated by company attorneys, and now confirmed by the Ninth Circuit. The challenge came in a suit between two industry "outsiders", Rohauer and Killam, based on a public television broadcast. If Rohauer had not sued Killiam, motion picture companies might still be negotiating licenses with renewal copyright owners of underlying works, to continue utilizing films based on them, when authors died before the renewal period of the underlying copyrights.

D. Effect of the Ninth Circuit Ruling On Motion Picture Companies

The Ninth Circuit's opinion will not apply to thousands of "original" motion pictures, i.e. those not based on underlying books, plays, etc. It will not apply to motion pictures based on public domain works. It will not apply to motion pictures based on underlying works created after 1977 (which have a single copyright term.) It will not apply to most motion pictures based on pre-1978 underlying works whose authors lived to the renewal year, since almost invariably motion picture rights were granted for the original and renewal terms, and the author's survival to the renewal year made the renewal grant effective. It will not apply to motions pictures based on pre-1978 works where the grant of motion picture rights was made during the renewal term of the copyright on the underlying

work. It will not apply to motion pictures based on pre-1978 underlying works which were protected by common law prior to 1978. It will not apply to pre-1978 underlying works whose copyrights terminated at the end of the first term because the author or other renewal claimants failed to renew them.

Actually the Ninth Circuit decision will apply to a comparatively small number of motion pictures based on underlying works.

And the Ninth Circuit's opinion will not result in the withdrawal of many of these from use in theaters, television, casssettes etc. As they did for 40 years, motion picture owners will negotiate licenses with widows, widowers, children, or executors of underlying works, when authors die prior to their copyright renewal periods. The Ninth Circuit's

holding that continued use of the film REAR WINDOW should not be enjoined will spur negotiation of these licenses.

It also should be noted that the Ninth Circuit's decision does not prevent motion picture companies from earning substantial income from derivative films when authors of underlying works predecease the renewal period, whether or nor the renewal term owners grant permission for continued use of the films in this country. The renewal clause does not terminate the author's grant of foreign motion picture rights, even if he dies before renewal. Section 24 only applies to grants of renewal rights under U.S. copyrights. Foreign rights subsist under the single-term foreign copyrights in the underlying book, stories, etc. of American authors.

American motion picture companies therefore can and do continue to exploit

derivative films like REAR WINDOW outside the United States without permission of the renewal copyright owners of the underlying work. This also creates another incentive for renewal term owners of underlying copyrights to negotiate mutually acceptable arrangements with the company that produced or controls the derivative film. Their refusal does not deprive film companies of substantial foreign income, it does deprive them of income from the film's continued use here.

Under the Ninth Circuit decision, renewal of copyrights in musical compositions or other incidental material used in a motion picture would not inhibit its continued exploitation if the author died before the renewal year. Licenses are easily obtained. Moreover, while it would be impossible to eliminate the elements of Woolrich's story from the film REAR WIN-

DOW, it is possible to change the sound track of a film to eliminate a song or add another one. And motion picture technology, which includes the capacity to colorize every frame of a black and white film, can edit out incidental underlying material when that is really necessary.

In any event, motion picture companies understood for 40 years, during which most films affected by the outcome of this appeal were produced, that the rights they acquired in underlying works were subject to the "prevailing view" now stated in the Ninth Circuit decision. If the Court affirms, they are no worse off, since they used the underlying material assuming that the consequences of copyright renewal for any material as to which the film was a derivative work were as stated in Miller Music: they took the assignment of the author's contingent renewal interest in the material subject to the possibility

that the contingency would not be realized, if the author died prior to the renewal period.

Their reliance on the Second Circuit decision in Rhohauer gives it no more credibility than did magazine publishers' or software producers' reliance on the Second Circuit's decision on works-made-for-hire in Aldon Accessories v. Spiegel,738 F.2d 548 (2d Cir. 1984). cf. CCNV c. Reid, 109 S.Ct. 2166 (June 5, 1989.)

E. Rohauer's Effect on Underlying Works and other Derivative Works

The Rohauer opinion reflected the court's feeling that fairness required its construction that section 7 created a new property right which allowed continued exhibition of the film despite renewal of the underlying work's copyright after its author's death.

That was fair, in the court's view,

since the film's producer (and its director, cast, an other employees) contributed more to the derivative film than did the material from the underlying work. That is often the case, but that does not justify the construction. Films are only one class of derivative works. Creators of many other types of derivative works make a much less important contribution than do the authors of the underlying work. And section 7 cannot be read one way for motion pictures and the opposite way for derivative works that profit primarily because they embody the underlying work,

An abridged version of a novel is a derivative work; but the abridger's contribution is minimal, the author's contribution is enormously greater. There are many other kinds of derivative works in which the underlying book, song, play

accounts for most of the derivative version's value. Annotated versions of a book; a modestly revised edition; simple arrangements of highly popular songs; an audiocassette of a reading by an actor, obscure or famous, of a widely acclaimed novel. It would be unfair to authors' heirs to allow continued use of these derivative works during the renewal copyright term secured by the heirs under section 24, without their permission.

Yet if the renewal consequence of Miller Music v. Daniels is precluded by the Second Circuit's construction of section 7, that will occur. As the Register's 1961 report, supra, stated, it was common practice for publishers and others to acquire advance assignments of prospective future renewal rights in their publishing contracts, which included provision entitling the publishers to prepare abridgements, translations and other

derivative works based on the underlying book.

CONCLUSION

It is respectfully submitted that the decision appealed from should be affirmed.

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No. 88-2102

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IN THE SUPREME COURT OF THE UNITED STATES
October Term, 1989

JAMES STEWART, ET AL.,

Petitioners,

v.

SHELDON ABEND, d/b/a
AUTHORS RESEARCH COMPANY

Respondent.

ON WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

BRIEF FOR THE REGISTER OF COPYRIGHTS AS AMICUS CURIAE SUPPORTING RESPONDENT

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QUESTION PRESENTED

Under the copyright renewal provisions of the 1909 Copyright Act, did the death of the author of the underlying work prior to the renewal period terminate the author's grant of derivative work rights for the renewal term?

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No. 88-2102

IN THE SUPREME COURT OF THE UNITED STATES
October Term, 1989

JAMES STEWART, ET AL.,

PETITIONERS,

v.

SHELDON ABEND, d/b/a AUTHORS RESEARCH COMPANY

RESPONDENT.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE REGISTER OF COPYRIGHTS AS AMICUS CURIAE SUPPORTING RESPONDENT

INTEREST OF THE AMICUS CURIAE

This case presents an important and recurring question concerning the meaning and application of the renewal provisions of section 24 of the Copyright Act of 1909 (formerly 17 U.S.C. §24 (1909)). The Copyright Office, a branch of the Library of Congress, is generally responsible for-

discharging "[a]ll administrative functions and duties," under the Copyright Act of 1976 (17 U.S.C. 701(a)). Section 304 of the 1976 Act provides that the Copyright Office shall continue to make renewal registrations for all eligible works in which federal copyright subsisted for the first term on January 1, 1978. Thus, the renewal provisions found in section 24 of the 1909 Act continue to play an important and significant role for works created on or before January 1, 1978 and will continue to do so well into the next century.

Because the Copyright Office continues to play an active role in the renewal process through registration, it has a strong interest in ascertaining the substantive rights of renewal applicants and carrying out the intent of the 1909 Congress. The law of renewal is complicated and involved and much in need of judicial clarification. To better

facilitate such a clarification, and to fulfill its administrative functions and duties under the Copyright Act, the Copyright Office submits its views on the present controversy.

STATEMENT

A. THE STATUTORY FRAMEWORK

The Copyright Act of 1909 provided that "copyright secured by this title shall endure for twenty-eight years from the date of first publication." 17 U.S.C. 24 (1909). The same section also provided for a second, or renewal term of twenty eight years under the following conditions:

> That in the case of any other copyrighted work, including a contribution by an individual author to a periodical or to a cyclopedic or other composite work, the author of such work, if still living, or the widow, widower, or children of the author, if the author be not living, or if such author, widow, widower or children be not living, then the author's executors, or in the absence of a

> will, his next of kin shall be entitled to a renewal and extension of the copyright in such work for a further term of twenty-eight years when application for such renewal and extension shall have been made to the Copyright Office and duly registered therein within one year prior to the expiration of the original term of copyright.

The 1909 Act thus had two "terms" of copyright: a first "original" term of 28 years, and a second, "renewal" term of 28 years, which was conditioned upon compliance with the provisions of Section 24. Failure to comply with those provisions resulted in the copyright expiring at the end of the original 28 year term.

B. THE FACTS OF THE CASE

Petitioners MCA, Inc., Universal Film Exchange, Inc., James Stewart, Patricia Hitchcock O'Connell and Samuel Taylor are co-trustees and co-executors respectively of the estate of Alfred Hitchcock. Sheldon Abend, d/b/a Authors Research Co., is the

owner of the renewal copyright on the original story on which the motion picture "Rear Window" was based. Abend's complaint alleges copyright infringement based on the petitioner's re-release of "Rear Window" in theatres, on television and videocassette.

"Rear Window" is based on a story written by Cornell Woolrich entitled "It Had to be Murder," which was first published in February 1942 in the Dime Detective Magazine. In 1945, Woolrich agreed to assign the rights to make motion pictures of six of his stories, which included "It Had to be Murder," to B.G. DeSylva Productions. He also agreed to renew the copyrights in the stories at the appropriate times and then assign the same movie rights to DeSylva for the duration of the renewal extension.

In 1954, Paramount Pictures produced and distributed the movie version of Woolrich's story "It Had to be Murder" entitled

"Rear Window." Woolrich died in 1968 without a surviving spouse or child. He left his property to a trust administered by his executor, Chase Manhattan Bank, for the benefit of Columbia University. In December of 1969, Chase Manhattan renewed the copyright in "It Had to be Murder" pursuant to 19 U.S.C. §24 of the 1909 Copyright Act. Chase Manhattan then assigned the renewal copyright in the story to Respondent Abend in 1972.

In 1974, Respondent Abend brought suit against MCA, Alfred Hitchcock and James Stewart, the owners of the "Rear Window" film, alleging copyright infringement of "It Had to be Murder" based on television broadcasts of the film. The parties were able to settle the suit and Respondent dismissed his complaint. However, three years later the Second Circuit handed down its decision in Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir.), cert.

denied, 431 U.S. 949 (1977). Based solely on this decision, involving unrelated parties, the petitioners re-released "Rear Window" on a nationwide basis and garnered revenues in excess of $12 million.

Respondent brought suit against Hitchcock, Stewart and MCA and included Universal Film Exchange, the distributor of the film. Respondent alleged, inter alia, that the re-release of "Rear Window" infringed his renewal rights to "It Had to be Murder." Based on its review and application of the Rohauer decision, the district court denied respondent's motion for summary judgment.

On appeal the Court of Appeals reversed, finding that the Rohauer court misapplied prior law governing copyright renewals under the 1909 Act. The Ninth Circuit placed heavy reliance on the Supreme Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S.

373 (1960), which held that an assignment of full copyright renewal rights by the author prior to the time for renewal cannot defeat the right of the author's statutory successor to the renewal copyright when the author dies before the time that the right for renewal has accrued. The court of appeals thus reasoned that in the present case, an assignment of part of the rights in "It Had to be Murder"--i.e. the right to produce a movie version--must be unenforceable if the author dies before effecting renewal of the underlying copyright.

The court of appeals also examined the legislative history of the 1909 Act and found the Rohauer court's reliance on the provisions of the 1976 Act and equitable concerns misplaced and inconsistent with Congressional intent under the 1909 Act. The court concluded: "Neither the equities, precedent, nor Congressional

intent justify us in changing the balance between owners of renewal copyrights in underlying works and owners of the copyright in derivative works when Congress has refrained from doing so."

SUMMARY OF THE ARGUMENT

The court of appeals below correctly held that this Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) controls, and it correctly applied Miller to the facts at issue. The decision below should, therefore, be affirmed. In reaching a contrary result, the district court below erroneously relied on Rohauer, a decision that has apparently been disavowed, however gently, by its own circuit, and which was, in any event, incorrectly decided.

In Fred Fisher Music Co., Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943), this

Court held that under the 1909 Act an author could assign his or her vested copyright rights in the original term as well as in futuro rights to the renewal term copyright, provided that the author survived into the renewal period. As a logical corollary to Fisher v. Witmark, in Miller Music Corp. v. Charles N. Daniels, Inc., supra, this Court held that if the author failed to survive into the renewal period, any assignment of rights for the renewal term was void, and consequently, the author's statutory heirs "obtain the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime." 362 U.S. at 375.

This case involves a very straightforward application of Fisher v. Witmark and Miller Music v. Daniels: the author Woolrich, during the original term, made an assignment to petitioners' predecessor permitting the making of a derivative

motion picture for both the original and renewal terms. Woolrich died, however, before the renewal period, and thus, his assignment to petitioners for the renewal period was void.

ARGUMENT

THE COURT OF APPEALS CORRECTLY HELD THAT THE DEATH OF THE AUTHOR BEFORE THE RENEWAL PERIOD CUTS OFF THE CONTINGENT INTEREST OF THE AUTHOR'S ASSIGNEE

A. Fisher v. Witmark and Miller Music v. Daniels.

The 1909 Copyright Act is based on two discrete grants of protection: an original term of 28 years, and a second or so-called "renewal" term of 28 years. This renewal term is entirely contingent upon the author or his or her statutory successors filing a renewal application at the appropriate time. If a proper renewal application is not made, the copyright in the work expires at the end of the original 28 year term. Due to economic necessity, it was common

practice for authors to assign rights to both the original and renewal term to a publisher or other distributor. These distributors would frequently then enter into sublicenses with third parties for the creation of "derivative works" -- works based on or "derived from" the copyrighted work. Sometimes, as in the present case, the author would directly license the creation of a derivative work, here a motion picture based on a story.

In Fred Fisher Music Co., Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943), this Court addressed the issue of whether assignments of both the vested original term and the in futuro renewal term were enforceable under the statute. In answering this question affirmatively, the Court reviewed the legislative history of the 1909 Act (the same statute involved here) and found a Congressional intent to give the author (or his or her statutory

successors) two bites at the apple, by providing for two terms of relatively short duration, as opposed to a single term of equal aggregate duration. 318 U.S. at 654. A single term, it was believed, would work to the author's detriment since he or she could be compelled by economic necessity to assign all rights at the beginning of the term, and thus would not benefit in the event the work proved successful a number of years down the road. By providing that an author must survive until the renewal period for the assignment of renewal rights to be valid, this Court permitted the authors' successors to have the "second bite at the apple."

Miller Music v. Daniels merely applied Fisher v. Witmark to a factual setting like the present one, where the author left no heirs and the estate was thus administered by an executor. As with the present case, the copyright owner in Miller Music v.

Daniels had, during the original term, assigned rights in both the original and renewal term, but died before the renewal period.[1]

Importantly for this case, the Miller court held that where an author dies before the renewal period, the statutory successors "obtain the renewal copyright free of any claim founded upon an author in his lifetime. These results follow not because the ... assignment is invalid, but because [the author] had only an expectancy to assign; and his death, prior to the renewal

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[1] The "renewal period" is the statutory period at the end of the first term of copyright during which application for renewal must be filed and registration made in the Copyright Office. Originally, the renewal period was the last year of the first term of copyright. Under section 305 of the 1976 Act, all terms of copyright run to the end of the calendar year in which they would otherwise expire. This means that, depending on the date copyright was originally secured, some works are eligible for renewal for nearly 2 years at the end of the first term of copyright.

period, terminates his interest in the renewal...." 362 U.S. at 375. [2]

The Miller Court recognized that the law might result in a hardship on the authors' assignee since the assignee, based solely on the infelicitous and unpredictable event of the author's death, lost rights it had been assigned, but the Court also noted that "[w]hether it works at times an injustice is a matter for the Congress, not for us." Id. at 378.[3]

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2 The renewal right can be exercised only during the statutory renewal period by registration by the living statutory claimant. The renewal interest in the copyright vests upon timely registration by the proper renewal claimant. Once vested, the renewal interest is no longer an expectancy, and the subsequent death of the claimant during the remainder of the renewal period has no effect on ownership of the copyright in the renewal term. Frederick Music Company v. Don Sickler, 88 Civ. 4169 (S.D.N.Y. March 17, 1989).

3 This "injustice" was considered by the Congress when it enacted the 1976 Copyright Act. Section 304(c)(6)(A) now provides that owners of derivative works prepared under a grant of authority by the

The Court further noted, however, that in practice the assignee "is deprived of nothing. Like all purchasers of contingent interests, he takes subject to the possibility that the contingency may not occur." Id. Indeed, there was no prohibition on assignees structuring their purchase agreement accordingly: payment

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author of the underlying work may continue to utilize the derivative work under the terms of the grant even after the 35 year termination of that grant. However, the court of appeals decision in this case does not, in fact, work an injustice. The owner of the motion picture "Rear Window" will be able to license exhibition of the film, but the copyright owner of the underlying story from which the film was derived, must be appropriately compensated. Woolrich's assignee received only contingent rights in the renewal term, and their contingent nature would have affected the price paid for the rights. Also, in other derivative works -- for example, anthologies, abridgements, and translations -- the relative significance of the contribution by the original author far overshadows the derivative authorship. Absent clear statutory language the Court should not adopt an interpretation of the 1909 Act that would truly be unjust, by allowing continued use of any derivative work in the renewal term, without compensation to the owner of copyright in the original work.

for the renewal period could have been made contingent in part on the author's surviving into the renewal period.

In summary, while the system is fraught with the uncertainty of life, prudent assignees could and did protect themselves by determining when and how much to pay for the expectant rights, and it is difficult to believe that large corporate users of copyrighted works, like petitioner motion picture companies here, were without legal counsel capable of making the best of the situation. In any event, everyone, including petitioners here, negotiated their agreements with full knowledge that the rights they obtained were expectant ones only.

B. The Rohauer Diversion.

All was well until 1977, when the Second Circuit handed down its decision in Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir.), cert. denied, 431 U.S. 949

(1977). Rohauer involved a dispute over the 1926 motion picture "The Son of the Sheik," starring Rudolph Valentino. In 1925, Edith Hull completed and published a novel entitled "The Sons of the Sheik." In December of that year, she assigned the motion picture rights to her copyrighted novel to Joseph Moskowitz who subsequently produced and released the film "The Son of the Sheik." The assignment of the movie rights was for the original term of the copyright plus the 28 year renewal term. After release of the film, the copyright in the film, a derivative work of the original novel, was assigned on several occasions until it made its way into the hands of the defendant Killiam.

Ms. Hull died in 1943, well before the renewal period. In 1952, her daughter renewed the copyright in the novel pursuant to section 24 of the 1909 Act and in 1965 assigned the movie and television rights to

Rohauer. In 1971, the original "The Son of the Sheik" film was shown on a New York public television station using a tape made from a print obtained from defendant Killiam. Rohauer contended that he owned the exclusive rights to movie versions of Ms. Hull's novel during the renewal period, and that Killiam's interest in the renewal period was cut off when Ms. Hull died before the renewal year. Defendant Killiam argued that although no new motion picture versions of the novel could be created, since Ms. Hull's daughter had assigned that right for the renewal period to the plaintiff, Killiam could still authorize exhibitions of the original film since the film was made during the term of Ms. Hull's original copyright and pursuant to an assignment made during that term. The district court agreed with the plaintiff, believing that its holding was consistent with previous Second Circuit decisions,

particularly G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir.), cert. denied, 342 U.S. 849 (1951).

The court of appeals reversed. Judge Friendly, writing for the court, dismissed the caselaw as distinguishable and inapplicable to the issue of the defendant's rights in the derivative work during the renewal period. In particular, Judge Friendly attempted to distinguish this Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960) and the Second Circuit's decision in G. Ricordi & Co. v. Paramount Pictures, Inc., 189 F.2d 469 (2d Cir.), cert. denied, 342 U.S. 849 (1951). The court then focused on the opinions of the commentators and tersely concluded that there was no forceful agreement among them as to the proper interpretation of Section 24.

Rohauer's sway in the Second Circuit was, however, apparently short-lived. In Filmvideo Releasing Corp. v. Hastings, 668 F.2d 91, 93 (2d Cir. 1981), Rohauer was described as a "minor abberation," and it is not without significance that in reaching its result, the Filmvideo Releasing Corp. court approvingly cited the Ninth Circuit's opinion in Russell v. Price, 612 F.2d 1123 (9th Cir. 1979), cert. denied, 446 U.S. 952 (1979). Russell contains an extensive discussion and criticism of Rohauer, 612 F.2d at 1126-1129, a discussion cited in Filmvideo Releasing Corp., 668 F.2d at 92.

C. The Court of Appeals Below Correctly Applied This Court's Decision in Miller Music v. Daniels.

After reviewing Rohauer and this Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960), the court of appeals below held

that Miller Music "provides ineluctable authority for Abend's position. Since Woolrich died before the renewal period arrived, his purported assignment of renewal rights is ineffective and irrelevant; the most defendant's predecessors could have acquired was an expectancy in the right to use the story that underlies the derivative work during the story's renewal period." 863 F.2d at 1475.

We agree. This Court's decision in Fred Fisher Music Co., Inc. v. M. Witmark & Sons, 318 U.S. 643 (1943) established that any assignment of renewal rights made during the original term is void if the author dies before the renewal period. Miller Music, supra, established that under such circumstances, the author's statutory successors take the renewal rights - all of them - free and clear of any assignments made by the author.

Defendants' only recourse is to a different statute, Section 304(c)(6)(A) of the 1976 Act, construed by this Court in Mills Music, Inc. v. Snyder, 469 U.S. 153 (1985). Not only does Section 304(c)(6)(A) involve a different statute, inapplicable to this case, but it involves a new term of protection, established for the first time under the 1976 Act, based on an entirely different set of policy considerations. The 1976 Act left intact the structure of the renewal provisions for pre-1978 works, merely adding an additional 19 years on to the renewal term. Greatly simplified, Section 304 of the Act provides with respect to this additional 19 year term that the author can elect to terminate any grant of rights made in the work. The author can not, however, terminate assignments for the "original" renewal term of 28 years. If Congress wished to change the result of this Court's decisions in

Fisher v. Witmark and Miller Music v. Daniels, it certainly could have done so in Section 304, but it did not; to the contrary, it carefully erected a new structure (the 19 year termination right) based on those decisions. Rohauer seriously erred, therefore, by construing the new structure of Section 304(c)(6)(A) as fundamentally altering the preexisting law. Certainly, at the least, such a dramatic reworking of the law would have occasioned some comment by Congress and the participants in the almost thirty year, well documented revision process.

Apart from the 19 year termination right, the renewal provision of the 1909 Act prevents continued uncompensated use of a derivative work when the owner of the derivative work has no grant of rights in the renewal term.

Under the decision of the court of appeals below, petitioner must compensate

the owner of copyright in the Woolrich short story, which was utilized in the preparation of "Rear Window." This is the result Congress intended in passing the renewal provisions of the 1909 Act. The very reason for a two-term system of copyright duration was to create a new estate in the renewal term for the benefit of the original author or the statutory renewal claimants.

Purchasers of contingent interests in the renewal term well understood, on the basis of Fisher v. Witmark, that they were purchasing only an expectancy, and the inchoate nature of the rights affected the money authors could obtain by assigning their renewal expectancies.

Valid renewal creates a new estate on behalf of the proper statutory renewal claimant. It is clear under section 7 of the 1909 Act that the separate copyright in a derivative work has no effect on the

force or validity of any subsisting copyright in a work from which the subsequent work is derived. The statute very clearly provided that the copyright in the derivative work ("compilation," "adaptations," "dramatizations," etc.) "shall not ... be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works." The effect of the Second Circuit's erroneous decision in the Rohauer case is to accord an exclusive right to use an original work in its adapted form to the owner of copyright in the adapted work, which is contrary to section 7 of the 1909 Act.

If there were any doubt on this point, Congress made crystal clear its intention in the 1976 Act: in adding the 19 year term of copyright and subjecting it to termination, Congress allowed continued use of derivative works under the terms of the

terminated license, but only for the 19 year added period. Based on the Fisher v. Witmark and Miller v. Daniels decisions of the Court, the Congress was well aware that authors could assign only contingent interests to those making adaptations of original works, and therefore that the authors could command only modest compensation for the assignment of expectancies that might never come to fruition. Congress left undisturbed the renewal system of copyright and adopted a different policy regarding continued use of derivative works only for rights subject to the new system of termination.

CONCLUSION

For the reasons given above, the court of appeals correctly applied the statute and its opinion, therefore, should be affirmed.

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AMICUS CURIAE BRIEF OF THE SONGWRITERS GUILD OF AMERICA IN SUPPORT OF RESPONDENT SHELDON ABEND, dba AUTHORS RESEARCH COMPANY

Pursuant to Rule 36.2 of this Court and with the written consent of the parties, the Songwriters Guild of America submits this brief as amicus curiae in support of Respondent

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THE INTEREST OF THE SONGWRITERS GUILD OF AMERICA

The Songwriters Guild of America ("SGA") is the leading American organization of professional composers and lyricists, with offices in New York

City, Los Angeles and Nashville. Its membership consists of over 4,000 living songwriters and in excess of 600 estates of deceased songwriters. SGA, formerly American Guild of Authors and Composers, was founded in 1931 to further the professional interests of songwriters, especially in their dealings with music publishers and other copyright users. Its members include such renowned composers and lyricists, or their estates, as Richard Rodgers, Oscar Hammerstein II, Cole Porter, Johnny Mercer, Duke Ellington, Charles Strouse, Nat Cole, Samuel Barber, Marvin Hamlisch, Stephen Sondheim, George David Weiss, Sammy Cahn, Burton Lane, Bob Dylan, Johnny Cash, Barry Manilow, Henry Mancini, Quincy Jones, Dorothy Fields, Burt Bacharach, and Elie Seigmeister.

The instant case and that of Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir.) cert. denied, 431 U.S. 949 (1977), involve motion pictures. Without denigrating the interests involved in the motion picture industry, we submit that any decision involving the ownership of renewal term rights should consider the broad spectrum of those who will be affected, especially when equity is applied.

We urge that the decision below be affirmed to protect the interests of songwriters, and, most particularly, their widows, widowers, children and estates, the latter group being important beneficiaries of the renewal terms.

The livelihood of songwriters depends in large part on the exploitation of their compositions through

the sale of recordings.* Thus, a principal source of songwriters' royalties is derivative works.**

The equities cited by Petitioner herein have little or no

* The other principal source of songwriters' income is performance royalties, which are collected by ASCAP and BMI. These are not significantly affected by derivative works. Most performance royalties are generated by the broadcast playing of phonograph records. Royalties are paid for such performances on the copyrights in the original works (i.e., on the original music and lyrics). The copyright in a sound recording excludes any right of performance, and there is no copyright in the arrangement embodied in a recording. 17 USC §§ 114(a) and 115(a)(2). While some ASCAP and BMI royalties may be attributable to the performance of copyrighted derivative works, such as arrangements which are sufficiently original to be separately copyrightable (see Bourne Co. v. MPL Communications, Inc., 675 F. Supp. 659, 864, fn. 8 (S.D.N.Y. 1987)), or audio-visual materials, the total amount of such royalties appears to be insignificant.

**The Copyright Act of 1976 expressly defines "derivative work" as including a "sound recording" and a "musical arrangement." 17 U.S.C. §1 (1976 ed.)

application to the exploitation of music. As a result of compulsory licensing of recordings, the concept of "copyright death," or, denial of public access to works, has virtually no significance with respect to the issue before this Court as it relates to music.

In summary, affirmance of the decision below is consistent with the intent of the renewal term provision: to afford authors and their families a "second chance" to be rewarded for authors' creative efforts. It will not result in inequities to record companies, broadcasters and performers, since they will not be denied the opportunity to exploit their musical arrangements during the renewal term of copyright.

SUMMARY OF ARGUMENT

We submit that the decision in Rohauer v. Killiam Shows, Inc., 551 F.2d 484 (2d Cir.) cert. denied, 431 U.S. 449 (1977), is inconsistent with this Court's decision in Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960), and the basic rationale of the renewal provisions.

The Rohauer court's reliance upon equitable considerations was misplaced and failed to consider the broad spectrum of creators and users of copyrighted works.

Judge Friendly focused upon limited situations where the author's successor withholds consent to permit continued exploitation of a derivative work as to which the contributions are more important than the original.

Such considerations would

rarely apply to musical compositions. The original song is invariably more important than whatever has been added to create its derivative forms, and consent to continued exploitation is guaranteed by compulsory licensing, the roles of performing rights societies, and the economic self-interest of the author's family in exploiting the property to its fullest.

ARGUMENT

I. The Rohauer Rule Is Inconsistent With The Purposes of The 1909 Act

The two-term scheme of section 24 of the Copyright Act of 1909 ("the 1909 Act"), which has been preserved by the 1976 Act, was promulgated to permit authors or their families a "second chance" to reap the rewards of their creativity. 2 M & D. Nimmer, Nimmer on Copyright §9.02 (1989). As this Court

has stated:

> The evident purpose of §24 is to provide for the family of the author after his death. Since the author cannot assign his family's renewal rights, §24 takes the form of a compulsory bequest of the copyright to the designated persons.

DeSylva v. Ballentine, 351 U.S. 570, 584 (1956).

In Miller Music Corp. v. Charles N. Daniels, Inc., 362 U.S. 373 (1960), this Court held that an author's assignment of his renewal term rights was unenforceable where he failed to survive the initial 28-year term of copyright. The author was a composer of "Moonlight and Roses." The renewal term assignee was a music publisher who had acquired those rights from the composer during the initial term of copyright.

Petitioner attempts to distinguish Miller Music from the facts of the instant case, on the ground that "there was no derivative copyright with sections 7 and 24 rights at stake."* Petitioner's Brief at 28. This distinction has no significance, since Petitioner has failed to set forth any persuasive rationale to validate the grant of renewal term rights to a derivative work user, where, under Miller Music, such a grant is concededly ineffective as to the publisher. Since

*Although the opinions in Miller Music did not disclose the exploitation of "Moonlight and Roses," as of 1950 there were 9 recordings of the composition by major artists. The song was also performed in the 1940 motion picture "Tin Pan Alley." Kinkle, The Complete Encyclopedia of Popular Music and Jazz, 1900-1950 (1974), pp. 359, 947, 1013, 1401, 1545, 1550, 1681, 1973, 1981, 1994. Accordingly, derivative renewal interests were very implicated in Miller Music.

the entire bundle of rights in a copyright reverts to the author's successors under Miller Music, it would be incongruous to exclude part of that bundle from reversion in the absence of a clear statutory exception. It is significant that section 24 of the 1909 Act expressly exempted compilations from the underlying author's right of reversion, but omitted any exemption for derivative works.

II. Policy Considerations Do Not Support The Rohauer Decision

Petitioner acknowledges that the legislative history of the renewal term provision of the 1909 Act shows "a preference that authors or their successors should prevail over mere publishers' assignees in claims for the renewal term." Petitioner's Brief at 11. Petitioner further concedes that

the Rohauer court could find no compelling statutory language or legislative history, or unanimity among the commentators, to support the decision in that case, and that as a result, Judge Friendly based his decision upon policy considerations, which Petitioner urges on this appeal.

It is respectfully submitted that the equitable arguments set forth by Judge Friendly or Petitioner herein have little, if any, application to those who exploit derivative musical works in the renewal term.

First, Petitioner contends that the decision below would foreshorten the copyright terms of derivative works. This would rarely occur with music, where principal exploitation is by recording companies, the playing of music over television and radio, and

public performances in night clubs, theatres and concert halls.

Affirmance of the decision below will in no manner prevent or even inhibit the continued exploitation of derivative music by these users throughout the renewal term. Record companies can continue to manufacture and sell phonograph records, tapes and compact disks without the consent of the copyright owner simply by paying a statutory royalty as provided by sections 115 and 801 of the Act. Under the Rohauer decision, however, families of deceased songwriters will be deprived of valuable income, because unfavorable licensing agreements made in the first term of copyright could continue under the old terms during the renewal period. For example, prior to 1978, mechanical licenses were issued at the

maximum rate of two cents a copy for each song on a recording (the rate then provided for by section 1(e) the 1909 Copyright Act's compulsory license provision). In many cases, lower rates were negotiated by record companies. As of January 1, 1988, the compulsory license rate was increased to 5.25 cents a copy, and that rate increases to 5.7 cents in January 1990. 37 C.F.R. §307.3. It would be inequitable to deprive the songwriter's family of the right to negotiate for royalty rates which presently reflect the current economic ability of record companies to pay.

The other major source of songwriting income is from royalties received from performing rights societies (i.e., ASCAP and BMI). As noted above (p. 4, fn.), the greater

part of such royalties and the performances which generate them do not come from derivative works copyrights. Even in cases where derivative works copyrights are exploited for performances of compositions over radio and television and in night clubs and concerts, as long as the songwriter's successors retain their membership in a performing rights society, such performances will continue uninterrupted pursuant to the authorization given by the successors to ASCAP or BMI. See, Broadcast Music, Inc. v. CBS, 441 U.S. 1 (1979).

There are instances in which a statutory successor could refuse consent to continued use of a work. One example is when a song previously written and exploited is licensed for use in a motion picture, as contrasted with the more prevalent practice of

commissioning new music for use in a movie's soundtrack on an employment-for-hire basis. However, compared to the usual manner in which music is exploited, the opportunities for "copyright death" with respect to musical compositions are de minimis and those conflicts can be effectively resolved by the solution of the court below in requiring compensation in lieu of injunctive relief.

Secondly, Petitioner argues that the renewal right was intended to afford the statutory successor the second chance to exploit the "prior work" only. Petitioner's Brief at 34. This would be of little solace to the families of the songwriters who would be deprived of the opportunity to receive increased royalties from the sale in the renewal term of various

versions of a composition which have been recorded in the first term of copyright.

Petitioner also refers to Judge Friendly's discussion in Rohauer of instances in which the creator of the derivative work has made a greater contribution than the author of the original. With respect to songs, the original is invariably far more important than the changes which have been added by the arranger.

Judge Friendly recognized the situation where the derivative work licensee/assignee has added little or no value to the original work, such as "[w]here an assignee or licensee has done nothing more than print, publish and distribute..." the work. 351 F.2d at 439. In these situations, Petitioner suggests, the author's

remedy is to limit the duration of exploitation by contract. Such a solution is hardly applicable to music, since, as discussed above, most exploitation of derivative works in the renewal term will occur through mechanical licensing, which, as a matter of statute, precludes the withholding of the songwriter's consent. Moreover, composers rarely have any reason to limit the exploitation of their songs. The more recordings and performances of their music, the greater the song's popularity and its rewards. Even if it were legal or practical for composers to withhold consent to renewal term usage, it would be contrary to their economic interests to do so.

Petitioner further argues that the derivative work's owner cannot protect against the contingency of the

underlying author's death prior to the vesting of the renewal term. Given the role of compulsory licensing and performing rights societies, this is almost a non-factor in the music field.

Finally, Petitioner urges that section 24's "second chance" policy is intended to favor the creator of the derivative work as much as the author of the underlying work.

The argument that there should be a standoff in equities between the author of the original work and the author of the derivative work could apply only where the contributions of each were relatively equal. As discussed above, this is not the case as between the composer of a musical composition and a subsequent arranger.

III. The Copyright Act of 1976 Does Not Support Petitioners' Argument

Petitioner's reliance upon sections 203(b)(1) and 304(c)(6)(A), the termination provisions of the 1976 Act, is misplaced. Congress provided by very specific language that a "derivative work" is excluded from the newly-legislated right of termination. Assuming, arguendo, that the instant issue was unclear at the time of the enactment of the 1976 Act, Congress could have adopted Petitioner's position by expressly providing that derivative works be excepted from the reversionary rights of authors in the renewal term. Its declination to do so, while expressly providing such an exception for derivative works in the newly-added extended terms, can hardly support an argument that Congress

intended that the exemption be implied with respect to the 28-year renewal period.

IV. The Fair Use Defense Is Not Available

Petitioner's fair use arguments are wholly inapplicable to the music field, given that three of the traditional four factors would compel a finding of unfair use.

First, the uses of music involved are commercial exploitation. In addition, with respect to the amount of use, an arrangement of music invariably embodies all or substantially all of the composition as originally written. While an arrangement may enhance a work, it would be valueless without the original.

One must also question the logic of any fair use argument as it

applies to the exploitation of derivative works in the renewal term. Certainly it cannot be contended that the fair use doctrine would have permitted the underlying story of "Rear Window" to be used by the motion picture company without the author's permission in the first term of copyright. If the Copyright Act renders unenforceable the author's grant of renewal term rights, how can it be claimed that the use becomes fair in the renewal period?

CONCLUSION

For the reasons stated above, it is respectfully submitted that the decision of the court below be affirmed.

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